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Report No. 9310

PROJECT COMPLETION REPORT

REPUBLIC OF KOREA

SMALL AND MEDIUM INDUSTRY PROJECT
(LOAN 2515-KO)

JANUARY 25. 1991

Industry and Energy Operations Division
Country Department II
Asia Regional Office

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CURRENCY EQUIVALENTS

Currency Unit	=	Korea Won
US\$	=	Korea Won 800 (Appraisal)
US\$	=	Korea Won 667 (Completion)

FISCAL YEAR

January 1 to December 31

ABBREVIATIONS

CNB	-	Citizens National Bank
DFI	-	Development Finance Institution
ERR	-	Economic Rate of Return
FRR	-	Financial Rate of Return
KBI	-	Korea Banking Institute
KDB	-	Korea Development Bank
KEB	-	Korea Exchange Bank
KFSB	-	Korea Federation of Small Business
KLB	-	Korea Long-Term Credit Bank
PCR	-	Project Completion Report
SAL	-	Structural Adjustment Loan
SAR	-	Staff Appraisal Report
SMI	-	Small and Medium Industry
SMIB	-	Small and Medium Industry Bank
SMIPC	-	Small and Medium Industry Promotion Corporation
SMIPF	-	Small and Medium Industry Promotion Fund
SMMI	-	Small and Medium Machinery Industry

Office of Director-General
Operations Evaluation

January 25, 1990

MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

SUBJECT: Project Completion Report on Republic of Korea
Small and Medium Industry Project
(Loan 2515-KO)

Attached, for information, is a copy of a report entitled "Project Completion Report on Republic of Korea - Small and Medium Industry Project (Loan 2515-KO)" prepared by the Asia Regional Office with Part II of the report contributed by the Borrower. No audit of this project has been made by the Operations Evaluation Department at this time.

A handwritten signature in black ink, appearing to be 'L. H. Hwang', is written over a horizontal line.

Attachment

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PROJECT COMPLETION REPORT

REPUBLIC OF KOREA

SMALL AND MEDIUM INDUSTRY PROJECT
(LOAN 2515-KO)

PREFACE

This is a Project Completion Report (PCR) for the Small and Medium Industry (SMI) Project in the Republic of Korea for which Loan 2515-KO in an amount equivalent to US\$111.0 million was approved by the Board on April 16, 1985. At the request of the Government (Borrower) the loan was renegotiated in August 1986 and the amount was reduced to only US\$21.0 million; the loan documents were signed on October 29, 1986--an unusually long elapse time of eighteen months. The proceeds of the Loan were made available to two Project Entities: Small and Medium Industry Promotion Corporation (SMIPC), and Citizens National Bank (CNB). The third proposed Project Entity, Small and Medium Industry Bank (SMIB), dropped out. The loan was closed on June 30, 1989, one year ahead of the schedule, with US\$0.63 million of the loan amount undisbursed and cancelled. Thus, the final loan amount was US\$20.37 million, which has been fully disbursed. The last disbursement was on June 28, 1989.

The PCR (Preface, Evaluation Summary, Parts I and III) was prepared by the Industry and Energy Operations Division, Country Department II, Asia Region (ASLIE), and Part II was prepared by the Project Entities, which also supplied the statistical information included in Part III. Parts I and III of the report have been discussed with the Project Entities and their comments have been incorporated.

This PCR is based on the Staff Appraisal Report (SAR, original); the Loan and Project Agreements; supervision reports; correspondence between the Bank and the Project Entities; internal Bank memoranda; the CNB's annual and quarterly progress reports, and the data supplied by CNB and SMIPC.

PROJECT COMPLETION REPORT

REPUBLIC OF KOREA
SMALL AND MEDIUM INDUSTRY PROJECT
(LOAN 2515-KO)

EVALUATION SUMMARY

1. The Bank, together with the Government of Korea, initiated during the mid-1970s a series of loans to development finance and other specialized institutions attuned to support the small and medium industrial enterprises (SMIs) by providing them investment credit and technical assistance. As a part of this series, a Bank loan of US\$111.0 million to the Republic of Korea for the Small and Medium Industry (SMI) Project was approved on April 16, 1985. However, the Korean economy was severely affected during 1985 by a dramatic fall in the growth of world trade and economies of the OECD countries, and experienced a major economic downturn and a significant decline in the demand for long-term loans by the industrial enterprises. In order to boost the sagging economy, the Government of Korea had to introduce special schemes of financing industrial enterprises [e.g. the Small and Medium Industry Promotion Fund (SMIPF)]. Consequently, investment funds were available to SMIs at 9.0 percent per annum (p.a.) as compared to the Bank's on-lending rate of about 10.5 percent p.a. (i.e. 2 percent above the standard variable rate) and LIBOR of 8.5 percent p.a. Since the Bank loan became highly uncompetitive, the Government deferred signing of the loan documents to avoid unnecessary commitment charges until October 29, 1986, and renegotiated a drastically reduced loan amount of US\$21.0 million in August 1986. [Paras. 2.1 and 2.2].

2. The above developments, however, did not lead to a significant change in the main objectives of the SMI Project, which were: (a) to facilitate financing of high priority investments by providing foreign exchange to Citizens National Bank (CNB) in the amount of US\$20.0 million (instead of the original amount of US\$40.0 million), and to continue to strengthen the institution, particularly concerning the handling of foreign currency loans; and (b) to support the technical assistance and training programs executed by the Small and Medium Industry Promotion Corporation (SMIPC) through a loan of US\$1.0 million. Leaving aside the prolonged deferment of loan signing and the drastic reduction in loan amount [e.g. the proposed third Project Entity, Small and Medium Industry Bank (SMIB) for which US\$70.0 million were approved, dropped out due to a dramatic fall in its demand for investment loans in foreign currency], the Project fulfilled most of its objectives. [Paras. 3.1-3.3]

3. The credit component was highly successful. Both the commitments and disbursements were well ahead of the schedule without significant problems. CNB fulfilled almost all the Project objectives including the long-term debt to equity ratio, procurement guidelines, regional and size distributions, and

quality of portfolio. Specifically, CNB financed 146 subprojects with an average loan size of US\$135,600, out of which 7 were above and 139 were below the free limit of US\$400,000. Only two subprojects were operating under loss and had some arrears at the end of March 1990. Because of its substantial profits during 1986-89, CNB was able to keep its debt-equity ratio quite low: varying between 4 to 7, while the Project's required ceiling was 10. CNB lent US\$13.4 million to 86 subprojects for enterprises located outside Seoul, and US\$16.1 million to 122 relatively small subprojects (with less than 50 workers or 250 million won total assets), in each case exceeding the Project objective of US\$10.0 million. The procurement of imported goods was through limited competitive bidding; Japan was the prominent supplier--winning 54% of the total foreign currency expenditures. A majority of subprojects had a net return on net worth in excess of 20% during their second year of operation. [Paras. 5.1-5.3]

4. The technical assistance and training component did not play an important role in this Project. SMIPC used only US\$0.57 million and cancelled the remaining US\$0.43 million in December 1988, mainly because it had access to less expensive funds from the Government. The loan amount was well expended in providing the foreign consultancy services especially for plant automation and new process development at SMIs. SMIPC also made significant progress towards attaining the direct cost recovery ratio for extension services of the expatriate consultants, which was also a Project objective. [Para. 5.5]

5. Both CNB and SMIPC are sound institutions and have enviable track record of serving the SMI Sector. Their capability to sustain the gains made under this Project is beyond doubt. [Para. 6.1]

6. The Bank's performance was satisfactory, although there were problems in certain aspects of Project appraisal and Project documentation. The Bank contributed towards Korea's economic recovery and developmental impetus of its industrial and financial sectors, and further strengthened CNB as a leading development bank serving SMIs. In retrospect, however, the Bank played a passive role in reacting to the Government's prolonged deferment of the loan signing and eventual drastic reduction of the loan amount. But, Bank's documentation pertaining to this Project has been most wanting, which may be a reflection of the problems caused by the Bank reorganization. For example, most supervision reports were only partially available, and even the Staff Appraisal Report (Revised) that was prepared due to the exceptional circumstances (as explained in para. 1 above) was not available. [Paras. 7.1, 10.1 and 10.2]

7. The performance of both the Project Entities, CNB and SMIPC, was satisfactory. CNB excelled most of the Project objectives. It committed and disbursed the loan amount well ahead of the scheduled time. [Paras. 8.1 and 8.2]

8. Several important lessons can be learned from the Project: (i) the on-lending interest rate should be market-oriented especially in an economy having minimal interest rate distortions in its financial market; (ii) Bank's sustained involvement in institution-building has been effective in support of the SMIs; and (iii) Bank's greater attention to estimating demand for a line of credit project, especially in a small, export-oriented economy and also to project documentation is likely to be beneficial. [Para. 11.1]

PROJECT COMPLETION REPORT

REPUBLIC OF KOREA

SMALL AND MEDIUM INDUSTRY PROJECT (LOAN 2515-KO)

PART I. PROJECT REVIEW FROM BANK'S PERSPECTIVE

1. Project Identity

Name	:	Small and Medium Industry Project
Loan Number	:	2515-KO
RVP Unit	:	Asia Region
Country	:	Republic of Korea
Sector	:	Industry
Subsector	:	Small and Medium Industry

2. Background

2.1 Since the mid-1960s economic policies of the Government of Korea have been successfully tailored to promote rapid industrialization with emphasis on the growth of manufactured exports. The structure of manufactured exports has changed from largely light industrial goods to a wide range of goods including machinery, metals and chemical products. This diversification and deepening of the industrial sector involved emphasis on large, capital-intensive industries, often at the expense of small and medium industries (SMIs). As a result, the Government and the Bank initiated in the mid-1970s a well-designed, long-term program to support SMIs. (See Part III, Table 1: Related Bank Loans.) This program was centered around two development finance institutions (DFIs)--Small and Medium Industry Bank (SMIB), and Citizens National Bank (CNB)--established by the Government to meet SMI's financial needs, along with Small and Medium Industry Promotion Corporation (SMIPC)--established to meet SMI's technical assistance and training needs. The present loan, Small and Medium Industry (SMI) Project (Loan 2515-KO), is the last in this program, since its basic objectives have been largely achieved.

2.2 The above loan was approved by the Board in the amount of US\$111.0 million equivalent on April 16, 1985. However, due to events in the months immediately following the Board approval, the loan had to be restructured. The Korean economy had a sudden downturn in 1985 and growth of its manufacturing sector dropped sharply from 14.8% per annum (pa) in 1984 to 3.5% p.a. in 1985. This was largely due to a slowing down of the world trade and economies of the OECD countries: the annual growth of world trade volume fell from 8.5% in 1984 to 3.5% in 1985, and that of the OECD economies fell from 4.9% to 2.1%. SMIB's foreign currency loan demand dropped from US\$3.0 million per month rate during 1984 to only US\$0.4 million per month by April 1986.

During the same period CNB experienced a levelling off of demand for foreign currency loans (US\$1.0 million per month). Both SMIB and CNB, therefore, drastically reduced their Asian Development Bank lines of credit. Moreover, the Government expanded its financial assistance programs to protect and promote SMIs. These programs included several special funds, such as the Equipment Fund for Exporting Enterprise and the subsidized Small and Medium Industry Promotion Fund (SMIPF). The latter provided loans to SMIs at below the Bank or market interest rate. As a result, credit demand for funds from the Bank's ongoing Small and Medium Machinery Industry Project (SMMI, Loan 2215-K0) for which substantial front-end-fee was already paid and commitment charges were accruing, very significantly declined. Actually, the commitments and disbursements were so slow that, despite allowing the loan proceeds to be disbursed to SMIs in all subsectors (originally, eligibility was limited to SMIs in machinery subsector) and extending the loan closing date by a year (until December 31, 1987), as much as US\$23.7 million had to be cancelled out of the total loan amount of US\$59.0 million. Hence, it was a prudent move by the Government to defer the loan signing and avoid additional commitment charges until it was assured that the funds would be quickly disbursed. An exceptional long delay in loan signing by almost a year and a half, and an ultimate reduction in the loan amount from US\$111.0 million to US\$21.0 million equivalent led to protracted negotiations between the Project Entities, the Government and the Bank, which concluded in August 1986. (Original negotiations were held in March 1985.)

3. Project Objectives and Description

3.1 The main objectives of the revised Project were: (a) to facilitate the financing of high priority investments by providing foreign exchange to CNB in the amounts of US\$20 million equivalent; (b) to support the continued development of this long-term lending institution in the SMI sector; (c) to support further expansion of the successful technical assistance and training programs executed by SMIPC; and (d) to support the improvement of subcontracting procedures.

3.2 Besides the dramatic fall in the demand for investment funds, the Bank funds made available under this Project became uncompetitive during 1985 on several counts: (i) the effective cost of Bank funds increased after mid-1985 due to a devaluation of US dollar vis-a-vis Swiss franc, German mark and Japanese yen; (ii) the foreign exchange risk as well as the risk of half-yearly interest rate variation had to be assumed by the subborrowers, while they were not exposed to these risks in their borrowings from the government supported special funds; (iii) the availability of investment loans at a cheaper rate from SMIPF and other special funds; and (iv) the availability of funds in the international financial market at a substantially lower LIBOR rate.^{1/} Although a significantly reduced loan amount was renegotiated in August 1986, in a broad sense, the project objectives did not undergo a qualitative change. Specifically, only SMIPC's loan amount of US\$1.0 million

^{1/} Uncompetitiveness of the Bank funds may have been confirmed by the prepayment of a large number of subproject loans to CNB: 37 subborrowers (out of 146) have already prepaid their loans.

remained intact, CNB's loan amount was cut to half (i.e. US\$20.0 million), and SMIB completely dropped out.

3.3 The revised Project had two components:

- (a) Credit. This component provided long-term investment funds in foreign exchange to SMIs through a specialized lending institution (CNB), which caters to only small enterprises--essentially upto 100 employees or with net assets of upto 300 million won. These funds were expected to be utilized by 175 subprojects.
- (b) Technical Assistance and Training. This component was expected to provide: (i) technical assistance of foreign experts to conduct feasibility studies and support the installation and start-up phases; and (ii) overseas training of the SMIPC and SMI staff to study new technologies and processes, and quality and production control techniques.

4. Project Design and Organization

4.1 The Project was conceived as a continuation of the Bank's extensive involvement in support of the Korean SMI sector, and was not envisaged to have significant innovative features in its design and organization. This Project was also not designed to handle the overall industrial and financial policies of Korea as they were satisfactorily handled under the framework of Second Structural Adjustment Loan (SAL II) and Second Industrial Finance Project. (See Part III, Table 1.) It was a conventional financial intermediary (DFI) type operation. Its relending terms required that CNB would onlend the funds to its subborrowers at the Bank standard variable interest rate plus 2% p.a. for periods of up to 13 years (including a reasonable grace period). The participating institution (CNB) had already earned the reputation of an efficient and well-managed DFI serving the SMI sector. By 1984, CNB had a network of 234 branches located throughout Korea. This loan did not involve a modification in CNB's Development Strategy, though it envisaged further training of the CNB staff handling foreign currency loans, particularly to strengthen their economic evaluation and market analysis capabilities. The loan, moreover, required an addition to CNB's equity so that its long-term debt to equity ratio remains below 10.0:1. The industrial coverage for the subprojects was fairly wide: virtually all economic activities except agriculture and trade were covered. CNB was required to approve no less than US\$10.0 million in the aggregate for investment projects outside the Seoul city limits, and no less than US\$10.0 million in the aggregate for smaller investment enterprises, each with total assets below 250 million won or no more than 50 employees. No cut-off points were established regarding the financial rate of return (FRR) and economic rate of return (ERR) as criteria for eligibility of enterprises; CNB's prevalent practice of a case-by-case review of the subproject proposals was considered adequate.

4.2 The technical assistance and training program was implemented by SMIPC, which is a well-recognized "one stop" agency, attuned to serve the SMI sector. This program followed the Bank's SMMI project, wherein US\$11.0 million were approved for the technical assistance and training components. According to SMIPC, it was expected to provide: (i) the extension services of

foreign experts to SMIs for improving their productivity, e.g. quality improvement, cost reduction, enhance competitiveness, and develop new products; and (ii) the overseas training to its staff, and the SMI managers and technicians in the areas of quality control, industrial safety, and product development. SMIPC had agreed to accomplish a significant improvement in its cost recovery performance by December 31, 1987: to recover 10% of the direct cost for the services provided by domestic consultants, and 30% of the direct cost for the services provided by foreign consultants. Finally, the Korea Federation of Small Business (KFSB) was expected to conduct or coordinate a study of the subcontracting problems encountered by SMIs in Korea, and the Government was to review the findings of such study and furnish its recommendations to the Bank by December 31, 1987.

5. Project Implementation and Results

5.1 The Credit Component. US\$19.8 million, out of the total approved credit amount of US\$20.0 million, were committed in one and a half year, and were disbursed in less than two years from the date of loan effectiveness. The balance of US\$0.2 million was cancelled before June 30, 1989. Since both the commitment and disbursement were well ahead of the schedule and had no major problems, the project performance can be considered satisfactory, as usual for most industrial sector projects in Korea. The Government and CNB satisfactorily met the Project objectives concerning the debt-equity ratio, the quality of portfolio, the procurement guidelines, and the geographical and size distributions.

5.2 As required under Sections 3.03 and 3.04 of the CNB Project Agreement, CNB effectively maintained its long-term debt to equity ratio well below 10.0:1. Actually, largely due to its excellent profits, CNB's long-term debt to equity ratio significantly declined to 6.6, 5.4, 4.9 and 4.3 respectively at the end of 1986, 1987, 1988 and 1989. There were no major problems in observing the Bank's procurement guidelines. Investment goods worth US\$18.4 million were directly imported by 134 subprojects through limited international competitive bidding; procurement by the remaining 12 subprojects involving US\$1.4 million loan amount was done through proprietary contracts. CNB financed approximately 65% of the total investment cost, including about 50% contributed by the Bank. CNB was very accurate in its cost calculation: overall cost overrun was only 0.26%. CNB's project completion dates were also reasonably accurate. CNB met the Project's objective that no less than half of the investment loans would be made outside the city limits of Seoul; actually, 59% of the subprojects involving over two-thirds of the loan amount were outside Seoul.

5.3 CNB far exceeded the Project's objective that at least one-half of the investment loans going to relatively small enterprises; actually, over 80% of the loan amount went to the smaller enterprises (as defined in para. 4.1). Out of the 146 subprojects, only seven were above the free limit of US\$400,000 which borrowed US\$4.2 million. Further, 22% of the loan amount was used by new enterprises and 73% by existing enterprises for expansion, and 5% by replacement/modernization subprojects financed under this Project. Performance of the subprojects financed under this Project was highly satisfactory. At the end of March 1990, 144 subprojects were operating profitably and only two subprojects had arrears. Further, 29% of the

subprojects realized net returns on net worth of 20-30%, and 25% had net returns of over 30% in their second year of operation. Calculations of FRR and ERR were required under the CNB Project Agreement for the subprojects above the free limit. A random checking by CNB indicated that the subprojects had done well in terms of these indicators. Finally, the subprojects created substantially more employment than anticipated by CNB: 111 subprojects generated 1,320 new jobs at an average investment cost per job of 36.3 million won.

5.4 CNB's audited annual reports and quarterly progress reports have been received regularly by the Bank. The reports of its external auditors were without qualifications, and the progress reports were analytical and informative.

5.5 The Technical Assistance and Training Component. Out of US\$1.00 million approved loan amount, only about US\$0.57 million was committed and disbursed; and over US\$0.43 million was cancelled as early as December 2, 1988, reflecting the Government's increased allocation of domestic resources to SMIPC. SMIPC found the stipulated cost recovery rates useful for its future operations and partially accomplished them during implementation of this Project: the overall recovery level reached 23.0%, and 100.0% whenever a firm used the extension services of foreign consultants for over 30 days. On the whole, the technical assistance component helped SMIPC in resolving SMI's problems and improving their productivity, especially in providing the foreign consultancy services for plant automation and new process development.

5.6 The study on subcontracting problems encountered by SMIs was expected to be performed or coordinated under the supervision of KFSB, and furnished to the Bank by December 31, 1987 along with Government's recommendations (Section 4.01 of the Loan Agreement). The study was not accomplished.

6. Project Sustainability

6.1 The Project Entities, CNB and SMIPC, are well managed, financially sound and reputed institutions. They have a well-established track record in catering to the SMI sector. Their accomplishments are recognized both in Korea and outside. There is thus little doubt that the project benefits will be sustainable.

7. Bank Performance

7.1 The Bank's performance could have been better, in retrospect: the loan approved by the Board was excessive in amount and the maintenance of documents was unsatisfactory. With hindsight, the Bank should have taken better account of a possible major economic downturn of the Korean economy, which was largely contributed by the sluggish international economic environment during 1985 and was first sensed by the Government. The Bank merely continued to react to the Government's position: first, to postpone a signing of the loan documents (eventually by almost one and a half years) so that it can avoid accrual of unnecessary commitment charges; and second, to eventually reduce the loan amount from US\$111.0 million to US\$21.0 million. The Bank endeavored to persuade the Government to either limit the SMIPF loans to purchase only locally produced goods or to curtail their subsidy. The

Government did neither, since in its judgement continuation of the subsidized scheme without limiting it to the procurement of domestic goods was a necessary adjustment assistance needed by SMIs at that time.

8. Project Entities' Performance

8.1 CNB's performance in executing the credit component along with the institutional building aspects was excellent. During the project period, 1986-89, CNB undertook several organizational changes to streamline operations, enhance efficiency through specialization, upgrade corporate planning and improve loan management. CNB also strengthened the project appraisal and supervision for foreign currency loans. As recognized by CNB, the Bank contributed to its success to some extent. CNB maintained a sound financial condition throughout the project period. The quality of its overall portfolio continues to be excellent, although the performance of its foreign currency loan portfolio is not as strong as that of the domestic currency portfolio. The collection rates for domestic currency loans gradually increased from 97.6% in 1986 to 98.8% in 1989; but those for foreign currency loans during 1986-89 varied between 79.5% and 90.2%. The latter are low, partly due to the technical or financial difficulties (including foreign exchange risk) faced by many subprojects. Since the foreign currency loans constitute less than 1% of the overall portfolio, CNB's overall portfolio remains sound (e.g. the collection rate: 98.8%; the total arrears: 1.0%; and the loans affected by arrears: 8.1% at the end of December 1989).^{2/}

8.2 SMIPC had excellent performance in the Bank-supported Production Technology Improvement Program under the SMMI Project. It well expended the Bank funds. SMIPC benefitted by its participation in the Project, and its clients benefitted from the consultancy services provided under it.

9. Project Relationship

9.1 The success of the Project, despite the long delay in loan signing and drastic reduction in the loan amount, is a result of the amiable working relationship and cooperation between the Bank and the Borrower and Project Entities. This cooperation was particularly effective during the preparation and implementation phases of the Project.

10. Project Documentation and Data

10.1 The Loan Agreement and the Project Agreements were quite adequate and appropriate for achieving the project objectives. The Appraisal Report provided a useful framework for both the Bank and the Project Entities to review the project implementation. Part II and the statistical data for Part III of the PCR provided by CNB and SMIPC were satisfactory.

^{2/} These ratios for the foreign currency loan are not as satisfying: the collection rate: 87.8%; the total arrears: 12.5%; and the loans affected by arrears: 11.7%.

10.2 Bank's record of documents concerning this Project is, however, incomplete, which may be a reflection of the problems caused by the Bank reorganization. For instance, prior to receiving the PCR (Part II), the Bank had almost no information or project documents from SMIPC concerning the use of funds and adherence to the project covenants. Even regarding CNB, the outcome of Section 2.10 of the CNB Project Agreement (i.e. to conduct a comprehensive training program for its selected staff for FY86, FY87 and FY88) was not clear, until the Bank received the PCR (Part II). Further, though the SAR was revised to reflect the drastic reduction in the loan amount from US\$111.0 million to US\$21.0 million and the loan was renegotiated, no copy of a revised SAR is available at the Bank. Moreover, both the Aide Memoire and Form 590 are available only for the third Supervision Mission (February 1988), and Supervision Reports for the remaining three missions are either partial or not available at all, several Terms of Reference (especially for the supervision missions) are not available, and several Back-to-Office Reports were either not written or are missing. Finally, Bank's Asia Information Center has no rolodex cards on this loan and has no list of documents (other than the folders containing correspondence) on its computer either. Bank archives also had no documents on this loan except the subproject files.

11. Lessons

11.1 The main lessons learned or again confirmed, with implications to other projects, are summarized below:

- (a) the on-lending interest rate under the Bank projects should be market-oriented especially when the financial sector of a country is reasonably free from interest rate distortions;
- (b) when estimating demand for a line of credit project, the Bank should take into account the possibility of significant changes from the trends at the time of appraisal, particularly in small, export-oriented countries;
- (c) the Bank should assign higher priority to its project documentation; and
- (d) successful experience of the project confirms that the Bank's sustained involvement over the years in the institutional development and strengthening of SMIs has been effective.

PART II: PROJECT REVIEW FROM BORROWER'S PERSPECTIVE



The Citizens National Bank

April 17, 1990

Mr. Inder K. Sud
Chief
Industry and Energy Operations
Division.
Country Department II
Asian Regional Office
The World Bank
1818 H Street, N.W.,
Washington, D.C. 20433
U. S. A.

Re: Project Completion Report on Loan 2515-2K0


Dear Mr. Sud:

We are pleased to submit a draft PCR on Loan 2515-2K0.

We hope that the attached documents will be useful to you in preparing PCR on the captioned loan and please let us know if further information is needed.

With best regards,

Sincerely yours,


Kim Hang-seong
General Manager
International Department

Attach.: a/s

I . INTRODUCTION *

1.01 Project Context. The Citizens National Bank(CNB) was established on February 1, 1963 in accordance with the Citizens National Bank Act as a state-run bank, to provide financial and to a limited extent, technical assistance to small-scale industries(SSIs) and individual consumers. As compared with other financial institutions engaged in the development of small and medium industries in Korea, such as the Industrial Bank of Korea (IBK), CNB caters to smaller-sized businesses engaged in manufacturing and services industries. ①/

CNB started its term lending operations to SSIs in August 1979 using the proceeds of the first Asian Development Bank(ADB) loan of \$10 million. In April 1980 the Bank approved its first loan(Loan 1829-KO) to CNB for \$30 million to further support CNB's burgeoning foreign currency lending and development efforts in the SSI sector. A second Bank loan (Loan 2144-KO) of \$30 million was approved in May 1982 on the basis of satisfactory experience under the first loan. CNB was designated as one of the channels of Bank Funds and received \$10 million under the Small and Medium Machinery Industry Project (Loan 2215-KO amounting to a total loan amount of U\$70 million) in December 1982 and \$20 million under the Small and Medium Industry Project (Loan 2515-KO amounting to total loan amount of U\$21 million) in October 1986. Thus CNB has to date received a significant amount of foreign currency resources from the Bank to support its term lending operations to the small-scale industrial sector. This PCR covers the achievements under the Small and Medium Industry Project loan (Loan 2515-2KO), CNB's progress in strengthening its institutional capability during the project period and focusses on the performance of subprojects financed under the loan.

①/ SSIs are defined (in the CNB Act of 1978) as: (i) mining, manufacturing, transport and banking enterprises with 5 to 100 permanent workers; (ii) construction, commercial and other service enterprises with 5 to 20 permanent workers. Currently the CNB Act includes an asset-based definition of SSIs, namely: (i) mining, manufacturing, electricity, gas and waterworks, transport, storage and communication, financing, insurance, real estate and business services with less than 100 permanent employees each or with less than W300 million total assets each; and (ii) construction, retail and wholesale trade, restaurants and hotels, social and personal services with less than 20 permanent employees each or with less than W50 million total assets each.

* All Annexes except 1 to 5 and 11 are included under Part III, sometimes with a slight modification in title of the table.

II . THE ENVIRONMENT

The Industrial Sector

2.01 A rapid development of Korea's manufacturing sector has been the basis of industrial progress since the early 1960s. Without strong support from manufacturing sector, Korea could not have experienced growth in economy at the spectacular rates witnessed since 1960s. The technological sophistication acquired by Korea's manufacturing industry in process of rapidly continuous growth enabled the country to transform a rural and agriculture-dominated economy into a semi-industrial economy and further into a industrial economy with diverse technological capabilities. The contributions of the manufacturing sector to economic growth, employment and exports in the last two decades, are summarized in the following table.

Structural Transformation of Korean Manufacturing Industry

	(in per cent)	
	1961	1989
Share in GNP (Constant prices)	8.3	31.3
Share in exports	65.4(1965)	96.8(1988)
Share in employment (includes mining)	5.0	28.2

Dynamic growth has been led in particular by manufactured exports, which primarily consisted of light industrial goods in the early 1960s but today include a diverse range of goods including steel products, electronics and chemicals.

2.02 In the period of rapid industrialization witnessed since 1960s growth was the overriding criterion of resource allocation and balanced development among social classes and sectors was neglected.

During the 1960s, Korea's development was associated with an interventionist approach by Government whose key policies included: comprehensive export incentives; an extensive system of directed, concessional credit; and substantial spending on human and physical infrastructure. This approach was successful until the two oil crises in the 1970s when it was found that: the promotion of heavy and chemical industries had led to an increase in debt and excess capacity; directed credit for priority industries had crowded out a large numbers of companies, particularly SMIs and forced them to resort to informal credit markets; and despite the continuous emphasis on technology diffusion and technical training, a wide gap had emerged between the capabilities of smaller companies and the larger corporate groups that were the main focus of Government attention.

2.03 This predilection with "growth-first" policies generated interregional disparities in growth which has emerged as a critical development issue in the 1980s. The imbalance in the industrial structure that resulted from these distortions in 1970s are being corrected through a comprehensive set of industrial, financial, trade and technology development policies in order to develop the manufacturing structure in accordance with Korea's comparative advantage. The Government has articulated new industrial policies to correct these imbalances in the Fifth Five-Year plan(1982-1986) and in the current Sixth Five-Year Plan(1987-1991). The Government has indicated that it would no longer guide the economy to the state-preferred sectors and projects by intervening in the resource allocation process. The Government's declining role in the management of the industrial economy has, therefore, implied that the private sector is assuming a higher degree of responsibility in the identification and implementation of project to suit the market conditions. Barring any major external shocks, given these initiatives the prospects for further industrial development are bright.

SMI Sector

2.04 Small and Medium Industries (SMIs), which are defined as having total employees of not more than 700, depending on industries, with an assets ceiling of ₩4 billion to ₩8 billion, have played a significant though declining role in Korea's industrialization. In 1963, SMIs accounted for 62% of manufacturing jobs and 50% of manufacturing value-added compared to 57% and 39%, respectively in 1987. This decline occurred due to(a) the growth of successful SMIs into large-scale firms taking advantage of economies of scale; and (b) previous government policies which hampered SMI access to credit and other needed resources.

2.05 Recognizing these problems, the Government's economic development policy since 1980 has changed direction to promote small and medium industries intensively, as the policy stresses the role of small and medium industries and the removal of the disequilibrium caused by the past industrial policy which placed weight on the heavy and chemical industries. The policy has achieved some success for the small and medium industries with facility modernization, enlargement of financial supports, and the establishment of linkages with large firms. This, however, has not been enough, thus the Government will continue to pursue such policy to promote small and medium industries. The Basic direction of policies for the development of small and medium industries during the period of the Sixth Five-Year Economic and Social Development Plan(1987-1991) will be to encourage these industries to be self-reliant in their efforts to improve their competitiveness instead of giving them excessive protection and special support. To that end, emphasis will be placed on improving their accessibility to bank credit and technological information as well as on rectifying unfair trade conditions in their relationships with large firms.

2.06 Financial Assistance Financial assistance to the SMI sector is provided mainly by two specialized banks, namely, the Industrial Bank of Korea and the Citizens National Bank, as well as various non-specialized commercial institutions including nationwide commercial banks and local banks.

The Industrial Bank of Korea was established by the Government as a financial institution specializing in financing SMIs. It is now authorized to finance SMIs employing up to 300 employees. The Citizens National Bank was created in 1963 as a Government-invested banking institution aiming to upgrade the economic status of all the people and of small scale enterprises by providing them with efficient financial assistance. It is currently allowed to finance small industries employing up to 100 persons.

The specialized institutional framework for financing SMIs was complemented in 1967 by a credit guarantee scheme administered by Industrial Bank of Korea. In 1976 the Korea Credit Guarantee Fund was created as an autonomous institution serving the needs of both large and small enterprises. The Korea Credit Guarantee Fund, however, has been required to extend a minimum 40% of its guarantees to the SMI sector.

There are also a number of non-specialized financial institutions which serve the needs of industry irrespective of size. These institutions participate, alongside the two government-owned specialized banks, in serving the SMI sector. Commercial banks, short-term finance companies, foreign banks, leasing companies, and the Korea Long-term Credit Bank all provide varying degrees of financial support to the SMI sector. In practice, however, only the commercial banks (nationwide and local) have substantial lending operations for the SMI sector because of their large resource base and loan portfolio. In addition to their normal operations, the government-owned specialized banks serving SMIs have been used as a channel for administering a number of lending programs funded by the Government to support SMIs. As for the allocation for funds by commercial banks, controls are exercised in the form of a mandatory requirement that nationwide and local commercial banks channel at least 35% and 80% respectively of their increment of general banking loan by domestic currency to the SMI sector. Similarly, short-term finance companies are required to extend at least 35% of their total amount of bills discounted to the SMI sector.

The Long-term Credit Bank Act also requires that the Korea Long-term Credit Bank allocate a certain percentage of its lending to the SMI sector. A new source of financial assistance since 1979 is the Small and Medium Industry Promotion Corporation which administers the Small and Medium Industry Promotion Fund. The fund derives its resources from the Government, from borrowings and from retained earnings. The corporation allocates resources from this fund to the Industrial Bank of Korea and the Citizens National Bank for onlending to SMIs in accordance with specific development guidelines.

III. CNB'S ROLE AND THE BANK LOAN OBJECTIVES

3.01 CNB's Role As part of the Government's effort to increase the flow of institutional finance to the SMI sector, CNB was established in December 1962 under the Citizens National Bank Act (CNB Act) and formally started its business operations in February 1963. The Act empowers it to mobilize savings from the general public for economic development and to provide broad-based financial services for consumers and small businesses. As of December 31, 1989, CNB's authorized and paid-in share capital were ₩500 billion and ₩96 billion respectively. The authorized capital was increased from ₩100 billion with amendment of the CNB Act in December, 1989. The Government is the major shareholder accounting for 72.6% the share capital; the remaining shares are held by private commercial banks (20.9%), Government Pension Management Corporation (6.4%), and CNB's Workers Committee and individuals (0.1%). The Ministry of Finance (MOF) exercises overall control over CNB's policies (MOF approval is needed for the amendment of Operating Manuals, the establishment of branches, changes in senior Management, etc.), while the Bank of Korea (BOK) supervises CNB's commercial banking activities under the General Banking Act. Subject to these overall controls and supervision, CNB enjoys autonomy in conducting its business activities.

3.02 As a specialized state-owned commercial bank, CNB provides a wide range of of banking services to its customer and small business clientele. These services include taking savings and time deposits, lending in local and foreign currencies for both working capital and investment, extending overdraft, discounting bills, providing foreign exchange and credit card services, guarantees in local and foreign currencies, and other banking services.

CNB's target group overlaps with that of IBK. CNB operates for and in the household sector and the SSI sector, while IBK caters basically to the SMI sector which includes SSIs. While both CNB and IBK are allowed, by their respective acts, to finance projects employing up to 100 persons, IBK alone may finance projects employing up to 300 persons. The overlap in institutional roles between CNB and IBK, however, has been intended by policy makers and has in fact improved access of SMIs of various sizes to institutional finance through CNB's broad branch network. Moreover, to ensure that CNB's operations and assistance are primarily focussed on SSIs in particular and small loans in general, there is a statutory ceiling imposed by the Government on loans extended by CNB to a single enterprise, beyond which specific approval of the Government is required.

Effective March 1987, for a SSI borrower, the maximum assistance in local currency loans has been restricted, except several special cases, to ₩500 million for working capital loans and for equipment loans respectively. In addition to its financing role, CNB has undertaken diverse promotional activities including an information services desk offering professional advice to customers on administrative affairs, accounting, taxation and other financial matters; lending at preferential interest rate to SSIs with good growth potentials; conducting surveys and research studies on performance of SSIs, etc.

In 1984, with a view to providing the financial service of facility financing for SMIs, CNB established the CNB Leasing Co., Ltd. as a subsidiary. It was followed by the Citizens Technology and Finance Co., Ltd. in 1986 which was established to expedite new technology development among SMIs.

3.03 Objectives of the Bank Loan The Bank Loan to CNB (2515-2K0) signed in 1986 was aimed to: (a) support the continued institutional development of CNB, one of the main term lending institutions serving small and medium industries in Korea; (b) finance the implementation of productive industrial projects by small and medium scale enterprises.

IV. UTILIZATION OF THE LOAN

Loan Utilization

4.01 The loan proceeds were utilized, on the whole, smoothly as expected and there were no problems of commitments and disbursements.

At the time of appraisal of subprojects, it was envisaged that 52.5% of the loan amount would be disbursed by Dec.1987 and 100% by Dec.1988. These estimates proved to be reasonably accurate.

Actually \$10.2 million or 51.0% of the loan amount was disbursed by Dec.1987, reaching \$19.8 million or 99.0% by June 1989. On CNB's request, the Bank cancelled a residual amount of unused fund(\$199,059.39); the loan was closed on July 18, 1989 before the scheduled date of Dec.31, 1989. 1/

Subborrower Characteristics

4.02 CNB caters to the needs of small-scale industries which are defined in the CNB Act and other supplemental regulations and expressed in terms of number of employees or total asset size. To ensure access of the smallest firms to the Bank fund, it was agreed during the negotiations of the loan (Loan 2515-2KO) that a minimum of 50% of the loan proceeds would be lent to subproject employing no more than 50 workers or whose total assets do not exceed W250 million. Data presented in Annex 7 show that CNB has lived up to this commitment satisfactorily. Under Loan 2515-2KO about 80.9% of the loan amount were for enterprises with less than 50 workers or with W250 million or less.

Therefore, employment condition of the loan indicates CNB's success in catering to the needs of smaller SSIs.

Subproject Characteristics

4.03 Annex 6 through 10 give details of the subprojects financed under Loan 2515-2KO. The proceeds of the loan(Loan 2515-2KO) were allocated to 146 subprojects, with an average size of \$135,622, of which six or 4% of the loan amount were "A" subprojects(above the free limit of \$0.4 million).2/ These 6 "A" subprojects were submitted to IBRD for prior review and approval.

4.04 The total investment cost of subprojects, except those prepaid so far, financed under Loan 2515-2KO amounted to W19,335 million of which CNB financed an average 65.5% including the 50.1% contributed by the Bank funds. CNB had been reasonably accurate in its cost calculations, as evidenced by the fact that on the whole CNB's subprojects experienced a cost overrun of 0.26%. Cost overruns were largely attributed to adjustments in project scale necessitated by rapidly expanding markets. Cost underruns, more in number than cost overruns, were frequently due to overestimation of permanent working capital requirements. Cost overruns were generally covered by either CNB's own resources or those of the project proponents. Estimates of project completion dates were also reasonably accurate, with the exception of 48 (out of 111 except those prepaid) subprojects (43.2% of the total number of subprojects) whose completion was delayed by 1 to 7 months. The reasons for the delays were varied but usually involved delays in procurement and delivery/installation of imported equipment. The procurement of imported equipment which is based mostly on limited competitive bidding, involving at least 2 bidders, has been heavily concentrated on Japanese suppliers who were selected for 84 out of 146 subprojects and received 53.6% of total foreign currency expenditures. The other sources are much less significant; procurement from West Germany comes a distant second accounting for 14.5% of foreign expenditures; USA, 8.6%; local procurement, 7.0%; Italy, 10.1%; and Switzerland and France just over 4.7%.

1/ According to the Bank records, the loan was closed on June 30, 1989.

2/ CNB's annexes suggest 7 instead of 6 "A" type Subprojects.

4.05 In keeping with the Loan Agreement covenant which requires that no less than \$10 million or 50% of the funds under Loan 2515-K0 should be allocated to subprojects outside the city of Seoul, CNB approved 86 subprojects (58.9% of total) located outside Seoul for an aggregate subloan amount of \$13.4 million or 67.7% of the total loan proceeds \$19.8 million. Although this fulfills the loan covenant, Seoul continues to attract the single largest number (41.1%) and amount (32.3%) of subprojects under the loans. This is due mainly to better infrastructure facilities, better banking and other business services and proximity to the main markets.

4.06 Annex 6 show the sectoral, size and type distribution of subprojects financed under the Loan. Because of no specific agreement on the allocation of the loan proceeds, the sectoral distribution of subprojects financed under the Loan generally followed the sectoral pattern of CNB's overall lending in the SSI sector. Manufacturing subprojects accounted for 91.7% of the number and 93.3% of the total loan amount; within the manufacturing sector, food and beverage industries, textile and garments industries were leading subsectors with 34.4% of the total subloan amount. Metal manufacturing industries came next with 48 subprojects accounting for 31.8% of the loan amount, paper and printing (10.2%), chemicals (9.8%) and others included nonmetallic minerals wood products, basic metals for the rest. Construction service and transport industries comprised the rest subsectors outside of manufacturing with 6.7% of the total loan amount.

4.07 The majority (116 out of 146) of subprojects financed under the Bank Loan accounting for 73.0% of the loan amount were for expansion purposes. It appears that in the face of a rapidly expanding market at home CNB's client companies preferred to simply add to existing capacity rather than to retool or modernize production facilities at great expense to cope with market demand. Moreover, although nearly half of the number of subprojects were new subprojects, they accounted for 22.0% of the total subloan amount, reflecting CNB's cautious approach of providing its foreign currency lending to new enterprises. Only 5 subprojects (out of 146) accounting for 4.9% of the Bank loan were classified as replacement/modernization subprojects.

Operational and Economic Performance of Subprojects

4.08 Operational Performance Information on the operational performance of subprojects financed under the Bank Loan is presented in Annex 8. Since there are so many subprojects, even though systematic monitoring of CNB's clients' operational performance was established, most of these operational data have not been verified by CNB staff. As reported by CNB's clients, total sales generated from 111 subprojects (except those prepaid so far) financed under the loan amounted to W166.7 billion during the first two years of operation, while sales estimates prepared by CNB staff totaled to W167.4 billion during the same period, indicating that original estimates were reasonably accurate.

4.09 As measured by their profitability, the financial performance of subprojects was also satisfactory. Out of 111 subprojects (except those prepaid so far) financed under the Bank Loan reporting on their profit performance, only eight actually sustained losses during the first or second year, or both years of operation. Reported profit levels for subprojects, financed under the Loan, were lower than originally estimated, W4,340 million for the first year of operation compared with forecasts of W4,893 million, and however W6,492 million in the second year of operation or 0.4% higher than estimates of W6,467 million. Despite actual profits being lower than forecasts, the level of profits was, at the early stage of

operation, sufficiently high enough to cover debt service obligation to CNB, and the repayment performance of subborrowers involved was, at the early stage of operation, excellent as well. As show Annex 10, subprojects financed under the Bank Loan have only 4 subborrowers with arrears.^{3/}In terms of return on net worth, 17.1% of the subprojects financed under the loan had returns ranging from 20-30% and 24.3% of the subprojects over 30% in the first year on operation. For the second year of operation, 28.8% of the subprojects realized net returns of 20-30% and 25.2% had returns on net worth of over 30% showing that CNB's estimates were reasonably accurate.

4.10 Economic Performance Annex 9 represents some of the economic indicators of CNB's subprojects financed under the Bank Loan. CNB systematically monitors the economic performance of subprojects CNB own in terms of their capacity utilization, foreign exchange and revenue generation / savings, value-added contribution and employment creation. In addition, CNB calculates FRR and ERR on all subprojects above the free limit (as required under the Loan Agreement). However, it had not been easy to verify the accuracy of some of the data on actual performance submitted by clients who, for the most part, are being required to submit economic reports on their operations for the first time. Nevertheless random checking by CNB of the data in Annex 9 indicates that the subprojects financed under the Loan have done moderately well in terms of the above indicators.

4.11 In terms of employment creation, CNB staff expected that 111 subprojects (except those prepaid so far) financed under the Bank Loan would generate direct (incremental) employment for 532 persons.^{4/} This estimate implied an average investment cost of about W36.4 million for each additional person employed. The actual employment generation was W1,320 new jobs at an investment cost-per-job of W36.3 million. Random verification by CNB of estimates of value-added(W21,190 million in the first year of operation and W30,895 million in the second year of operation) and of capacity utilization shows CNB's own subproject appraisal estimates to be generally accurate.

^{3/} CNB's Annex indicate 3 (and not 4) Subprojects.

^{4/} CNB's Annex indicate that 37 (and not 35 as implied here) Subprojects were prepaid.

V. INSTITUTIONAL ASPECTS

Organization, Management and Staffing

5.01 The overall control of CNB's operations is vested in its Board of Directors. CNB's broad policy matters are set by its board of Directors. While CNB's day-to-day business is run by the Executive Committee consisting of the President, Deputy President, Auditor and 9 Executive Vice Presidents. Five of the EVP is functionally responsible and accountable for head office departments while the remaining four member is in charge of regional headquarters which were established for the purpose of effective business activities in the region through decentralization of head office function. CNB's branches are linked directly to the Electronic Data Processing Department in the head office by an on-line computer system using private telephone lines.

5.02 Since appraisal of the Bank loan, CNB has undertaken several organizational changes to streamline operations, improve efficiency through specialization, upgrade corporate planning and strengthen loan management. Currently, CNB has 17 departments in its head office including 9 regional Headquarters. In order to increase its contact with small businesses throughout the country, a number of branches and subbranches were increased from 252 at the end of 1986 to 290 at the end of 1989. And the bank opened 3 representative offices in Tokyo in 1986, in New York in 1988, and in London in 1989, in order to cope positively with the ever-changing international financial environment, to introduce up-to-date financial techniques and to provide small business with a wide range of international financial service. With respect to foreign currency lending, Foreign Loan Department was merged into International Department effective September 8, 1987, in line with rearrangement of its organization for the purpose of upgrading operational efficiency through coordination and reorganization of the functions of some departments including Foreign Loan Department. In fact, Foreign Loan Department had delegated branches supervision authorities on subprojects in several times. Furthermore, on January 1, 1987 CNB designated all branches as foreign subloan branches with aims to expedite foreign fund utilization and raise efficiency of supervision upon subprojects, so that all branches of CNB are authorized to make a foreign subloan in an amount of not more than US\$100,000 and to take supervision activities on subprojects. On the whole, the organizational changes that took place during the project period, appear quite adequate and appropriate. CNB's current (as of December 31, 1989) Organization Chart is presented in Annex.4

5.03 During the project period 1986-1989, CNB gradually increased and developed its staff in line with the expansion of its operations. CNB's staff increased from 10,714 (including 2,355 professionals) at the end of 1986 to 12,547 (including 2,977 professionals) at the end of 1989, an increase of about 17% overall and about 26% in the professional staff over the period. During the same period, CNB's volume of lending operations and total assets increased considerably and thus the increase in staff was justified. CNB recruits its staff from college graduates through competitive examinations. Upon appointment, each staff member goes through a period of classroom and on-the-job training in various parts of the bank including the where nearly 90% of staff are assigned. Through competitive salaries and benefits as well as well-rounded training program (on-house and overseas for selected staff) CNB has managed to keep a low staff turnover averaging 4.0% during 1986-1989; for professional staff, the turnover averaged just 2.5% p.a. over the last four year. CNB has been able to maintain a core of experienced staff adequate to support its growing operations.

5.04 For its foreign currency lending operations, the International Financing Division and Foreign Loan Operation Division in International Department, have a staff of 20 including 8 professionals, headed by two experienced managers who have risen from the ranks within CNB. As CNB designated all branches as foreign subloan branches, it is required in-house training prepared by Foreign Loan Operation Division for the staff assigned to foreign currency loans. In 1981, CNB established its own separate training center. Since then, CNB has been conducting similar training programs covering, inter alia, all aspects of the project cycle (identification, appraisal, implementation and follow-up). However, CNB's training capacity can not fully meet the needs of its extensive branch network for project evaluation officers. CNB addresses this training problem by sending staffs on overseas training, including those conducted by ADB, ADFIAP and EDI and by recruiting experienced personnel. However, there was still a need for additional in-house training on term lending operations, supplemented by short overseas study tours to familiarize CNB officials with the latest trend in development banking and practices. In order to meet that need, CNB set up an ultra-modern Training and Education Center equipped with training and education facilities in the outskirts of Seoul in fall 1987.

5.05 Project Appraisal In assessing CNB's appraisal capability, it is important to note that CNB's loan processing and project selection have been and are still determined by predominantly commercial considerations, focussing on subborrower's creditworthiness, collateral, credit repayment record and client's reputation in the community. It is partly due to CNB's strong emphasis on and cautiousness about the latter two criteria that CNB's loan portfolio, which consists of loans to large number of small, widely dispersed and often unsophisticated clients, has remained sound. Moreover, about 70% of CNB's subloans are short-term loans and the average size is so small that an elaborate project analysis would be impractical. Appraisal standards for short-term working capital and short-term equipment loans in local currency appear satisfactory as evidenced by the low level of arrears on these loans.

5.06 For the appraisal of long-term equipment loans in local currency, loan applications are processed by branches with technical assistance (when needed due to lack of technical manpower at the branch level) from the Credit Analysis Division and the Extension Services Division at the Head Office. While in theory the same feasibility criteria and standards that are applied to foreign currency loans should apply to local currency term loans, in practice the project analysis on the latter is generally less rigorous partly because they are not always reviewed for final approval by the Head Office or by outside agencies like the Bank and ADB and partly because commercial considerations continue to be the main criteria for project selection.

5.07 This is not the case, however, in the case of foreign currency loans where CNB's organizational systems and best staff are brought to bear on project evaluation and selection. For foreign currency loans, appraisal procedures involve a two-step process whereby credit analysis covering market, financial and technical aspects of the subproject is undertaken first by the credit analysis division of the branch or the Small and Medium Enterprises Supporting Department. After this credit analysis is completed in detail, the staff who are assigned to foreign currency loans in the branch then analyze the feasibility of the whole project, considering its economic, financial, technical and market merits. At time of appraisal of the second Bank loan, appraisal of subprojects was centralized at the Head office to ensure the quality of subloans. To stimulate participation of branches in foreign currency term lending activities (thereby further broadening its clientele base) and to speed up subproject processing, CNB started to delegate branches to undertake preliminary selection of subprojects in 1982 and designate all branches as foreign subloan branches in 1987. However, appraisal reports of

all subloans over U\$100,000 are subject to re-examination and approval by staff of the International Department at the Head Office. The appraisal of foreign currency loans thus involves the combined skills of several staff members from different departments. Appraisal standards have remained high. Through periodic field supervision missions and subproject appraisal review by Bank staff at Headquarters, the Bank has been instrumental in raising the standards of CNB's appraisal.

5.08 Project Supervision CNB's supervision procedures are effective. Primary responsibility for supervision of local currency equipment loans rests with branches whose supervisory staff keeps close contact with clients, not only when they make loan installments, but also when the same clients make their savings deposits. Thus the deposit taking role of CNB is used as an effective tool not only for raising funds but also keeping contact with clients. For foreign currency loans, supervision responsibility rests with FLD staff at time of appraisal of the second Bank loan. However, since FLD started to delegate branches supervision authorities on subprojects in 1984, the branches supervise subprojects within their areas of responsibility and this is also done through regular visits to project sites by branch staff, and close monitoring of operational and financial statements (which are submitted periodically by subborrowers). Supervision of subproject implementation is done by regular visits by CNB staff, obligatory periodic reporting by clients on operational and financial performance, and a systematic monitoring of credit transactions by branch staff. After project completion, projects are normally visited at least once a year (With projects facing difficulties being visited more often). Follow-up visits are carried out regularly and their findings which are well documented are reported to branch managers and in some cases to appropriate departments in the Head Office (e.g. Extension Services Division for technical assistance or the Loan Collection Department, which would arrange any required assistance at the project level in the region).

VI. OPERATIONAL AND FINANCIAL PERFORMANCE OF CNB

Operational Performance

6.01 Lending Operations CNB's lending operations consist of loans to business enterprises (business loans) and to consumers (general populace loans). Business loans are made up of working capital loans in local currency and equipment loans in local and foreign currency. General populace loans are small loan extended to individuals for purchase of consumer goods and services including low-cost house, home furnishings, hospitalization, school tuition, etc. During the period of 1986-1989. CNB's total loan approvals increased by 61 per cent (averaging 15.3% p.a), below the projected level. In contrast with this steady rise in total loan approvals, actual approvals of working capital loans increased sharply from W1,231.3 billion to W2,083.7 billion, and thus reached the levels where CNB had expected, in accordance with the policy to strengthen its main lending operations to the SSI sector and due to the need to finance accumulated inventories in the current economic condition. However, actual approvals of equipment loans, which decreased from W86 billion in 1986 to W66 billion in 1989, fell below the projections.

For foreign currency equipment loans, actual approvals during 1986-1989 increased very slightly except in 1989 mostly due to the surplus of the nation's Current Account and Partly due to the exceeding of the national saving over national investment during the period. CNB's loan portfolio increased from W3,065 billion in 1986 to W4,800 billion in 1989 at an average annual growth rate of 19 per cent, compared with the projected 26 per cent. The portfolio on average accounted for about 55 per cent of CNB's total assets. However, the share of equipment loans in the portfolio was insignificant, accounting for about 4 per cent on the average. These loans were well diversified sectorally.

6.02 Other Operations CNB has prudently used its other financial operations to strengthen its main lending operations to the SSI sector. These operations include short-terms guarantee operations, investments in securities and call money market (the latter two are essentially done to manage liquidity). Most of CNB's investments are generally made in government and quasi-government bonds and to a much lesser extent private sector stocks and bonds. Investments in securities have increased rapidly and call money operations have fluctuated unevenly with the availability of liquid funds. CNB's guarantee operations are made under the Korea Credit Guarantee Fund (KCGF) whose guidelines emphasize financial, economic, and managerial aspects, as compared with only collateral requirements of the project. Thus guarantee operations enhance CNB's project evaluation capability. The amount of guarantees expanded significantly during the project period due to the growth of CNB's international business and increased demand for payment and collateral guarantees from the SSI sector. CNB has made a few equity investments (some at Government request) in the past, but it has not undertaken further equity participations after establishing in 1986 the Citizens Technology and Finance Co., Ltd. a wholly owned venture capital company of CNB.

Resource Mobilization

6.03 Since its inception, CNB has been very successful in mobilizing domestic resources through deposits, primarily from the household sector and small businesses. Over the years, CNB has built up a fairly stable deposit base of about 14 million deposit accounts. With an exclusive right to operate the Mutual Installment Savings Remuneration Scheme(MISRS) from 1963 to 1983, through its wide branch network, and high staff institutional efficiency, CNB has been able to mobilize substantial domestic resources within a relatively short period of time. During the project period(1986-1989), short-term deposits, which constitute the bulk (65% in 1989) of domestic resources, rose from W2,638 billion at the end of 1986 to

₩4,912 billion at the end of 1989, which medium-and long-term deposits led by MISRS savings deposits increased from ₩1,813 billion to ₩2,607 billion.

6.04 CNB's mobilization of foreign currency resources has been less dramatic mainly due to slower demand for foreign currency loans and institutional constraints on CNB's ability to tap alternative sources of foreign exchange. During 1979-1986, CNB relied mainly on the ADB and the IBRD for its foreign currency resources. However, since 1986 due to Korea's surplus balance of payment situation, low interest rates and the availability of cheaper funds from alternative sources, foreign currency loans from official sources(i.e. IBRD and ADB) turned out to be non-competitive, which led to CNB's partial cancellation of U\$33 million of ADB III loan. Similarly, the Bank's SMI project loan (2515-KO) to IBK and CNB (for U\$110 million) approved in April 1985, was signed only in late 1986, with the loan portion for CNB being reduced from U\$40 million to U\$20 million, and was effective in January 1987. In 1987, in an effort to diversify its foreign currency funding sources, CNB was able to obtain a loan of ¥3.1 billion (U\$20 million equivalent) from the Japanese Overseas Economic Cooperation Fund (OECF) at an interest rate of 4.25 per cent p.a.. In 1989, CNB induced the second Loan of ¥6.2 billion (U\$50 million equivalent) from the Fund at a low interest rate of 4.0% p.a.. However, there is still some scope for expanding foreign currency lending and CNB would have to raise additional foreign currency resources to finance that expansion. CNB intends to raise all of its requirements from commercial or bilateral sources. It is expected that the Government will expedite further liberalization of the financial sector. Therefore, as the government will greatly reduce its regulatory functions and transfer gradually to the private sector in the near future, CNB's success in raising foreign exchange funds from the market in or out of the nation would depend strongly on institutional factors(e.g., CNB's ability to maintain the excellent quality of its portfolio, continued operational and management efficiency, success in broadening its capital base, etc.) and Government policy.

Financial performance

6.05 Financial Position A comparison of CNB's projected and audited balance sheets for the period 1986-1989 is given in Annex 8. CNB's financial condition remained satisfactory throughout the period. Its total assets increased considerably from ₩5,355.4 billion at the end of 1986 to ₩8,941.7 billion at the end of 1989. Total assets actually increased by 18.6% p.a.. over the period, lower than annual growth rate of about 22% projected at appraisal.

The increase of ₩3,592 billion in total assets between 1986 and 1989 was financed by short-term liabilities (73%), medium-and long-term liabilities (24%) and equity (3%) as compared with the projected 58%, 34% and 8%. CNB has been notably successful in mobilizing local currency deposits --- ₩4,451 billion in 1986 rising to ₩7,519 billion 1989.

Local currency loans consistantly constitute more than 53 per cent of CNB's total assets which liquid assets (cash, deposits with banks, securities and call loans) accounted for about 25 per cent. About 75% of CNB's total assets had been financed by short-term funds, while long-term loans were consistantly about 70 per cent of the long-term funds available, implying that on the one hand CNB had been successfully mobilizing domestic resources through deposit taking (65 per cent of which were short-term) but on the other it had been using short term funds to meet the shortfall in long-term resources. However, it is assured that although short-term deposits formed a major portion of its resources, these deposits actually tend to be long-term as they were often renewed on expiry dates.

6.06 Profitability Annex 13 shows comparison of CNB's projected and actual income statements which illustrates CNB's desirable financial performance. During 1986-1989 CNB enjoyed considerable operating profits. CNB's net income increased from W13.8 billion in 1986 to W44.5 billion in 1989. Net income increased by about 50 per cent annually over the period from 1986 to 1989.

This remarkable profitability resulted from (a) upward lending rates allowed by government's liberalization of interest rates (b) increasing volume of working capital loans and extensive use of mechanism such as bill discounting and overdrafts generating higher profit margins, and (c) efforts to restrain the increase of administrative expenses. The combined effect of these factors helped improve CNB's interest and earning spread, and thus enabled CNB to make a profit of W13.8 billion in 1986, W28.9 billion in 1987, W32.6 billion in 1988 and W44.5 billion in 1989, respectively. CNB's profitability is also expected to remain satisfactory in the coming year.

6.07 The profit incurred between 1986-1989 strengthened CNB's equity resulting in a long-term debt / equity ratio of 6.6:1 at end of 1986, 5.4:1 at end of 1987, 4.9:1 at end of 1988, and 4.3:1 at end of 1989 respectively, keeping the stipulated limit of 10:1. However, CNB's equity structure is relatively weak in comparison with similar banking institutions in Korea. It is considered essential to enlarge CNB's capital base in order to positively cope with the liberalization trend in financial sector and daily-intensified competition among the financial institutions. Recognizing this problem, the government increased CNB's authorized capital from W100 billion to W500 billion with amendment of CNB Act in December, 1989.

Quality of Loan Portfolio

6.08 As shown in Annex 16 and 17, CNB's reported collection performance has been highly satisfactory and the quality of its loan portfolio very sound, considering the large number (about one million small businesses and individuals) of generally small size accounts and wide geographic dispersion of clients. At the end of 1989, collection rates (for both principal and interest) averaged 98.7% compared with 97.6% in 1984. Collection rates on local currency loans are the highest at nearly 99.0%. However, due to high foreign exchange risk exposure, collection rates on foreign currency loans are relatively low at 80-90%. As a result of this excellent collection performance, total arrears of principal as of end of 1989 represented only 0.8% of the amount of total loan amounts outstanding: whereas loans affected by arrears represented 8.1% of loan amounts outstanding. The bulk of principal payment in arrears falls in the 1-3 month category. Rescheduled amounts constituted a relatively small portion of loans outstanding. Loans written off, which are more than fully covered by provisions, are negligible. CNB's sound portfolio quality and high collection rates can be attributed primarily to prudent project selection, frequent and regular contact with clients at the branch level, particularly delinquent ones, and a monitoring and supervision system that provides in most cases an early warning of potential debt service problems. Secondly, the fact that 50% of CNB's loans to the SMI sector are contracted under the MISRS and therefore are fully secured and that the rest of CNB's subborrowers also keep deposit accounts which can be debited automatically to cover loan repayment are contributory factors leading to a sound loan portfolio quality.

VI. CONCLUSIONS

7.01 The implementation of the Small and Medium Industry Project loan (2515-2K0) to CNB was generally smooth and the resources allocation objectives of CNB under the loan were achieved satisfactorily. Any significant delays were not encountered in the project cycle. Although the actually disbursed loan proceeds were relatively small in relation to the total demand for term funds from the SSI sector in Korea, and in relation to CNB's total portfolio during the project period, the entire proceeds accrued to small-scale industries (i.e., firms with no more than ₩500 million in total assets or more than 100 employees) and produced significant economic, financial and operational benefits for the SSI beneficiaries. In terms of resource transfer, therefore, the Bank-financed project has been a success. However, since 1986, due to Korea's surplus balance of payment situation, low interest rates, and the availability of cheaper funds, from alternative sources, foreign currency loans from official sources (i.e., the ADB and IBRD) turned out to be non-competitive, which resulted in considerable number of beneficiaries to be prepaid earlier than the original schedule.

7.02 In terms of its institution-building objectives which are of a longer-term and continuing nature, CNB is also making good progress in strengthening its capability to undertake term lending aimed at developing the SSI sector. Under the project, CNB systematically calculated ERRs (and FRRs) on the larger-sized subloans and this loan condition more than any other factor may have increased CNB's awareness of the need to take into account the full economic feasibility of a subproject in addition to its financial and technical merits (which CNB staff are familiar with in their commercial lending operations). At the recommendation of the Bank made through regular supervision and detailed review of 6 "A" subprojects, CNB's project appraisal, particularly of the economic, market and technical aspects of subprojects, has improved.^{2/} Now CNB applies the same appraisal techniques and standards to term loans in local and foreign currency, and is training staff at all branches how to do feasibility-based project appraisal. This staff training needs to be accelerated and expanded, in order to allow CNB's institutional capacity for term lending to grow.

7.03 CNB's financial conditions has remained sound. That CNB's resource position, debt servicing capability and portfolio quality have remained sound is attributable to CNB's strong management, judicious project selection and close supervision. With favorable interest rate changes in 1984 and with continued contribution by the Government to CNB's paid-in capital from 1986 to 1989, the long-term debt/equity ratio was successfully scaled down to 8.2:1 in 1987. As CNB's equity structures is relatively weak compared with similar institutions in Korea, it is considered essential to enlarge CNB's capital base in order to positively cope with the liberalization trend in financial sector and daily-intensified competition among the financial institutions. Therefore, CNB's authorized capital was increased to ₩500 billion from ₩100 billion with the amendment of CNB Act in Dec. 1989. As a result, its paid-in capital is expected to be increased substantially in near future.

^{2/} (Repeated). CNB's Annexes suggest 7 instead of 6 "A" type Subprojects.



SMALL AND MEDIUM INDUSTRY PROMOTION CENTER

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Mr. Hossein Razavi
Acting Chief
Industry and Energy Operations Division
Country Department II, Asia Region

April 4, 1990

The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Dear Mr. Razavi,

We are pleased to enclose the Project Completion Report (PCR)
Part II of the Small and Medium Industry Project(Loan 2515-1KO).

We believe that the technical assistance almost fulfilled the
SMI Project's purpose of upgrading SMI's skill capability and
improving SMI's productivity at plant level.

We hope that this report could be helpful to your preparation
of the complete PCR.

Yours sincerely,



Hong Kyun, KIM
Vice President
SMIPC

Encls.

I. Introduction

1.1 The Small and Medium Industry Project (Loan No. 2515-KO) which was signed on October 29, 1986 according to successful performance of the Small and Medium Machinery Industry Project (Loan No. 2215-KO) was closed on December 31, 1988 actually earlier one year prior to the projected end year. The SMI Project was carried out by Small and Medium Industry Promotion Corporation (SMIPC) as a execution agency under the Loan and Project Agreement.

1.2 The technical assistance component is to provide consulting services for small and medium manufacturers so as to upgrade their skill capability and improve their productivity at the plant level by using existing facilities more effectively.

1.3 In addition, the overseas training component also consists of providing overseas training opportunities to enhance the technical and managerial capability of SMIPC staff who has to conduct extension services and SMI's employees who are in charge of production line.

II. Project Objectives

A. Technical Assistance

2.1 To upgrade the skill level of small and medium enterprises and to improve their productivity by using existing technology at the plant level by short-term technical consulting services so as to result in followings:

- (a) quality improvement;
- (b) cost reduction;
- (c) competitiveness both in the domestic and international markets; and
- (d) contribution to the development of new products.

B. Overseas Training

2.2 To provide the training opportunities to SMIPC and small and medium industries staff in areas such as quality control, industrial safety and new products development through following ways:

- (a) technique and management training of SMIPC staff in advanced countries;
- (b) participating in seminars concerning up-to-date technology and management; and
- (c) visiting factories for study in advanced countries.

III. Technical Assistance Results

A. Yearly Planning and Achievement

3.1 The 10.3 percent increase rate from 18.5 M/M in 1987 to 20.4 M/M in 1988 was shown in technical assistance component by foreign consultants.

3.2 In 1987, 92.5 percent achievement rate little short of the planning recorded, and achievement rate in 1988 recorded 102 percent over the planning.

There was no result of technical assistance through SMI Loan in 1989, because SMI Loan (No. 2515-K0) was substituted to domestic resources (see below).

(Unit: M/M)			
<u>Year</u>	<u>Planning</u>	<u>Achievement</u>	<u>Achievement Rate</u> (%)
1987	20	18.5	92.5
1988	20	20.4	102.0
1989	10	-	0.0
TOTAL	<u>50</u>	<u>38.9</u>	<u>77.8</u>

3.3 To refer to nationality, most of technicians are Americans which amounted to 45.0 percent. Next are Japanese and West Germans (2.1 M/M) (See Part III).

3.4 And as looking by industrial sector, SMI Project (2515-K0) which amounted to 86 cases of extension services recorded 36 cases also in the field of chemical industry in contrast with machinery industry of SMMIP (2215-K0) (See Part III).

B. Consultants Invited

3.5 The number of consultants invited during 1987-88 amounted 64 persons as shown in Part III.

3.6 Japanese consultants were invited most of all. As for services days per consultant in comparison with numbers of consultants invited by nationality, American and European consultants were shown as having served more days than Japanese did comparatively.

3.7 And the analysis by consulting field shows that SMI Project also emphasized on the other field than machinery field and recorded 29.7 percent of total in the field of chemistry especially (See Part III).

IV. Overseas Training Results

A. Summary

4.1 Overseas training component as well as technical assistance component achieved 94.1 percent little short of the planning. Also this component was complemented one year ahead of the planning. The details are shown below:

Division	1987		1988		1989		Total	
	Planning	Achievement	Planning	Achievement	Planning	Achievement	Planning	Achievement
SMIPC staff (persons)	-	2	8	15	23	-	31	17
(M/M)	(-)	(3.5)	(30)	(66.8)	(50)	(-)	(80)	(72.3)
SMI's employee (teams)	-	1	3	1	3	-	6	2
(M/M)	(-)	(15.7)	(10)	(6.1)	0	(-)	(20)	(21.8)
TOTAL (M/M)	(-)	(19.2)	(40)	(74.9)	0	(-)	100	(94.1)

B. SMIPC Staff Training

4.2 Twelve engineers of SMIPC from 1987 through 1988 were dispatched abroad to undertake their program in eight fields.

The fact that training field is mainly automation field reflects changes of Korean industrial structure in the future.

Besides, 4 staff completed short visit training program in advanced countries during the same period (See Part III).

Most of trainees were mainly dispatched to America, West Germany and France (See Part III). The training period is mostly between 1 month and 3 months (See Part III).

V. Budget Inputs

5.1 A loan of US\$1,000,000 was contracted for SMI Project on October 29, 1986. Until actual closing date of December 31, 1988, SD568,432 out of the total loan was withdrawn for two years and the remaining balance of US\$431,568 was requested to cancel by SMIPC. That was because domestic resources were allocated for the project. The details are shown below:

(In US\$)

Category	Allocation	Disbursement	Cancellation
Consulting Services	500,000	436,898	63,102
Overseas Training	400,000	31,534	368,466
Unallocated	100,000	100,000	-
TOTAL	<u>1,000,000</u>	<u>568,432</u>	<u>431,568</u>

VIII. Conclusions 1/

8.1 SMI loan has worked out for solving present problems of SMIs and improved SMI's productivity through the plant level guidance and application by foreign consultants. SMIPC staff also accompanied with foreign consultants so as to carry out extension services more effectively will spread out the technology learned from the consultant to other companies of the same field. On the other hand, the well-trained staff by overseas training disseminates their knowledge to many client companies. All the activities of the project make a far reaching influence, though it is difficult to be quantified.

8.2 Many survey has indicated that the Korean-born specialists are willing to share their technical know-how and eager to contribute as much as possible to their fatherland's industrial development.

8.3 The client companies which want to improve further or maintain their product quality and management aspects after the major service expressed a strong desire to have follow-up service on a long-term or a continuous basis.

8.4 Booklets and data which foreign consultants bring in relation with consulting services are helpful and continuously served as reference to client companies.

8.5 Nowadays owing to Korean currency's up-valuation and cost increase in the world market, extension services will give priority to up-to-date industry and processing automation field in the future. Also SMIPC will take into consideration of the technical inducement from special countries which possess a superiority in certain technology in the future, because mostly invitation of foreign consultants in extension services are biased to America, Japan and Europe now.

1/ See Section VI. Cost Recovery, and Section VII. Effectiveness Analysis in Part III.

PROJECT COMPLETION REPORT

REPUBLIC OF KOREA

SMALL AND MEDIUM INDUSTRY PROJECT
(LOAN 2515-KO)

PART III. STATISTICAL INFORMATION

PART II

1. Related Banks Loans

Loan No.	Title	Purpose	Year of approval	Status	Comments
Ln 1175	SMIB I	Finance SMI subprojects	1975	Closed	
Ln 1507	SMIB II	Finance SMI subprojects	1977	Closed	
Ln 1749	SMIB III	Finance SMI subprojects	1979	Closed	
Ln 2004	SMIB IV	Finance SMI subprojects	1981	Closed	
Ln 1829	CNB I	Finance SMI subprojects	1980	Closed	
Ln 2144	CNB II	Finance SMI subprojects	1982	Closed	
Ln 2215	SMMI	Finance and technical assistance for small and medium machinery industries	1982	Closed	Loan to SMIPC, KLB and CNB
Ln 2515	SMI	Finance SMI subprojects	1985	Closed	Loan to CNB and SMIPC
Ln 2071	SAL I	Support structural adjustments	1981	Closed	
Ln 2354	SAL II	Support structural adjustments	1983	Closed	
Ln 2309	Industrial Finance I	Support financial reforms and finance subprojects	1983	Closed	Loan to KDB, KLB and KBI
Ln 2571	Industrial Finance II	Support financial reforms and finance subprojects	1985	Completed	Loan to KDB, KLB and KBI

2. Project Timetable

Item	Date planned	Date revised	Date actual
Identification	November 1983	-	November 1983
Preparation	February 1984	-	February 1984
Project Brief	May 10, 1984	-	August 15, 1984
Appraisal Mission	August 1984	-	September 1984
Loan Negotiations	February 1985	-	March 15, 1985
			August 21, 1986 <u>/a</u>
Board Approval	March 1985	-	April 16, 1985
Loan Signature	September 1985	April 1986	October 29, 1986
Loan Effectiveness	October 1985	January 27, 1987	January 6, 1987
Loan Closing	December 31, 1988	June 30, 1990	June 30, 1989
Loan Completion	December 31, 1987	December 31, 1989	December 31, 1988

/a The loan was renegotiated, because signing of the loan was delayed by more than a year.

3. Loan Disbursements

Cumulative Estimated and Actual Disbursements (US\$ million)

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	
Appraisal estimate	6.47	17.17	19.54	21.00	<u>/a</u>
Actual	0.00	5.84	18.65	20.37	
Actual as % of estimate	-	34.01	95.45	97.00	
Date of final disbursement					
SMIPC		January 17, 1989			
CNE		June 28, 1989			

/a Loan amounts of US\$431,568 (SMIPC) and US\$199,059 (CNE) were cancelled.

4. Status of Covenants

Section	Activity	Comments
<u>Loan Agreement</u> (Government of Korea)		
2.02 (e) 2.02 (f)	Borrower to open and thereafter maintain in dollars a special account in Korea Exchange Bank (KEB) in the names: (e) CNB, and (f) SMIPC.	Satisfactory
4.01	Korea Federation of Small Business (KFSB) to conduct or coordinate a study on the subcontracting problems, this study to be reviewed by the Government and to be furnished to the Bank by December 31, 1987.	Study was probably not accomplished.
<u>Project Agreement</u> (CNB)		
2.06 (b)	To furnish, within six months from the date last withdrawal, a report on the execution and initial operation of the subprojects.	Satisfactory
2.10	To conduct a comprehensive training program for its selected staff for FY86-88.	Satisfactory
3.02	To furnish audited financial reports within five months after the end of each fiscal year.	Satisfactory
3.03) 3.04)	To maintain at all times, with effect from January 1, 1987, its debt-equity ratio within 10 times.	Satisfactory
<u>Project Agreement</u> (SMPIC)		
3.04 (a)	To ensure an overall cost recovery level of 10% of the direct costs by December 31, 1987 for its domestic consultancy services and 30% for its foreign consultancy services.	Levels were not accomplished.
4.01 (b)	To furnish audited financial reports within five months after the end of each fiscal year.	Satisfactory

5. Use of Bank Resources

A. Staff Inputs (Staff Weeks)

<u>Stage of Project Cycle</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>Total</u>
Preparation	22.0	7.7						29.7
Appraisal		40.0						40.0
Negotiations		2.6						2.6
Lending Operations	2.0	13.6						15.6
Supervision		0.5		2.3	4.6	3.8	0.1	11.2
Completion						1.5	0.6	2.1
Administration		0.2	3.2	5.2	0.1			8.8
<u>Total</u>	<u>23.9</u>	<u>64.7</u>	<u>3.2</u>	<u>7.6</u>	<u>4.6</u>	<u>5.2</u>	<u>0.7</u>	<u>109.9</u>

B. Missions

<u>Stage of project cycle</u>	<u>Month/ year</u>	<u>No. of persons</u>	<u>Days in field</u>	<u>Specialization represented</u>	<u>Performance rating status</u>	<u>Types of problems</u>
Through appraisal	3/83	1	3	Development banking	-	-
	2/84	3	10	Development banking	-	-
	5/84	1	16	Development banking	-	-
Appraisal through Board Approval	9/84	3	19	Development banking	-	-
		1	n.a.	Consultancy and training	-	-
Board Approval through Effectiveness	5/86	2	10	Development banking	-	-
Supervision Mission	3/87	1	n.a.	Development banking	No major problem	-
	9/87	1	n.a.	Development banking	Minor problems	Slow disbursement
	2/88	1	6	Development banking	Minor problems	Delay in cost recovery goals, and covenants not in compliance.
	8/88	1	n.a.	Development banking		

n.a.: not available

6. PROJECT IMPLEMENTATION

6.1: OVERVIEW OF SUBPROJECTS

	No.	Amount (\$'000)	%
A. Purpose			
New	25	4,363	22.0
Expansion	116	14,464	73.0
Balancing, Modernization and Replacement	5	974	5.0
Total	146	19,801	100.0
B. Sub-sectoral distribution			
<u>Manufacturing</u>	<u>134</u>	<u>18,485</u>	<u>93.4</u>
Food, beverage and tobacco	1	80	0.4
Textile, wearing apparel & leather	50	6,721	34.1
Wood and wood products	2	157	0.8
Paper, paper products and printing	12	2,026	10.2
Chemicals and petroleum, coal, rubber and plastic products	12	1,946	9.8
Non-metallic mineral products	6	934	4.7
Basic metals	2	171	0.9
Metal products, machinery and products	48	6,304	31.8
Others	1	146	0.7
<u>Non-manufacturing</u>	<u>12</u>	<u>1,316</u>	<u>6.6</u>
Mining	-	-	-
Transportation	2	166	0.8
Construction	4	655	3.3
Service	6	495	2.5
Total	146	19,801	100.0
C. Geographical distribution			
Seoul City	60	6,398	32.3
Kyung-gi province	41	5,064	25.6
South Chungcheong province	9	1,148	5.8
North Chungcheong province	3	667	3.4
Kangwon province	1	100	0.5
South Jeonra province	1	586	3.0
North Jeonra province	2	160	0.8
South Kyungsang province	10	2,280	11.5
North Kyungsang province	9	2,362	11.9
Pusan City	10	1,036	5.2
Cheju province	-	-	-
Total	146	19,801	100.0

. 6.2 CNB - CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry	Nature of Project	at loan application		Total project cost					CNB financing		completion date			country of procurement	Method of procurement
				Total assets (₩ million)	Total employees	Estimated Total Fixed assets (₩ million)	Actual Cost	Cost overrun	Local	foreign authorized of which IIBD (₩ million)	% of total Project cost	Esti- mated	Actual	Differ- ence month			
Sam Mi Textile Co., Ltd.	A001	Prepaid															
Dong Chang Textile Co., Ltd.	A002	T	Exp.	916	11	738	700	750	12	213	510	96.4	7/87	6/87	-1	w/Germany	ILCB
Kyung Shin Chemical Co.	A003	Prepaid															
Dae Kyung Ind. Co.	A004	Prepaid															
Shin-Do Industrial Co.	A006	MA	Exp.	1,190	31	1,006	899	1,000	-6	500	408	90.8	1/88	3/88	+2	Japan	ILCB
Han Seong Sealing Co.	A007	Prepaid															
Sam Kwang Fabric Industrial Co.	A008	Prepaid															
Dae Seong Industrial Co.	B001	Prepaid															
Sam Dae Parts Ind. Co.	B002	MA	Exp.	434	53	135	110	135	-	-	79	58.5	2/87	3/87	+1	W/Germany	ILCB
Mynung Il Electronic Co.	B003	N	Exp.	388	60	176	141	178	2	-	115	64.6	3/87	3/87	-	U.S.A.	ILCB
Dae Jin Hosiery Co.	B004	T	Exp.	155	5	69	69	69	-	-	44	63.8	1/87	3/87	+2	Japan	ILCB
Dae Yung Automobile Co.	B005	Prepaid															
Han Dok Hosiery Co.	B006	T	Exp.	552	68	365	235	367	2	-	55	15.0	4/87	3/87	-1	Japan	ILCB
Young Nam Model Co.	B008	MA	Exp.	146	33	32	32	32	-	-	20	62.5	2/87	6/87	4	Japan	ILCB
Dong Jae Industrial Co.	B009	Prepaid															
Seong Jin Precision Co.	B010	MA	New	211	7	301	296	300	-1	-	214	71.3	1/87	2/87	1	Japan	ILCB
Hong Jin Industry Co.	B011	CH	Exp.	141	23	57	36	57	-	-	29	50.9	3/87	3/87	-	Japan	ILCB
Shin Sung Wire Cutting Co.	B012	Prepaid															
Sei Chang Machine Co.	B013	MA	Exp.	353	25	79	67	80	1	15	50	81.3	6/87	3/87	-3	Denmark	ILCB
Korea Metal Co.	B014	MA	BMR	280	32	160	81	157	-3	50	60	70.1	6/87	4/87	-2	U.S.A.	ILCB
Im Jin Ind. Co.	B015	MA	Exp.	94	10	108	90	110	2	-	63	57.3	6/87	11/87	5	Taiwan	ILCB
Il Shim Co.	B016	T	Exp.	59	45	179	179	179	-	-	135	75.4	4/87	6/87	2	Italy	ILCB
Set Byul Scanning Lab. Co.	B017	Prepaid															
Shin Segye Sould Co., Ltd.	B018	MA	BMR	848	45	263	263	263	-	-	149	56.7	4/87	4/87	-	Switzerland England	ILCB

CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry of Project	Nature	at loan application		Total project cost					O&B financing		completion date			country of procurement	Method of procurement
				Total assets (W million)	Total employees	Estimated Total assets (W million)	Fixed assets	Actual Cost cost overrun	Local	foreign authorized of which IIBD (W million)	% of total Project cost	Esti- mated	Actual	Differ- ence month			
Jang An Embroidery Co.	B019	T	Exp.	26	3	87	63	87	-	18	50	78.2	6/87	4/87	-2	Japan	ILCB
Modong Stone Co.	B020	N	Exp.	252	33	540	339	542	2		220	40.6	8/87	8/87	-	Taiwan	ILCB
Dae Myung Electronics Co.	B021	N	New	29	3	45	45	49	-	8	35	87.7	3/87	7/87	4	England	ILCB
Kem Precision Co.	B022	MA	Exp.	615	20	138	131	140	2	-	97	69.3	5/87	5/87	-	Japan	ILCB
Kum Soo Precision Co.	B023	Prepaid															
Kwang Jin Electronics Co., Ltd.	B024	N	New	50	30	263	120	260	-3	50	84	51.5	5/87	6/87	1	U.S.A.	ILCB
Daeil Shinsun Co.	B025	Prepaid															
Hyun Ree Mark	B026	T	Exp.	173	19	56	45	56	-	-	42	75.0	6/87	6/87	-	Japan	ILCB
Daeil Shinsun Co., Ltd.	B027	Prepaid															
Taeguung Chemical Co.	B028	Prepaid															
Seowon Co., Ltd.	B029	Prepaid															
You Han Jongmil	B030	MA	Exp.	49	15	28	26	28	-	-	26	92.8	6/87	5/87	-1	Japan	ILCB
Ilhwa Lumber Co.	B031	N	New	67	11	57	24	57	-	21	23	77.2	5/87	5/87	-	Italy	ILCB
San Kyang Engineering Co.	B032	Prepaid															
Dong Lim Chong Kong Sa	B033	Prepaid															
Miramis Co., Ltd.	B034	MA	New	227	12	195	163	193	-2	80	79	82.4	7/87	6/87	-1	Japan	ILCB
Dong Hoon Industry Co.	B035	T	New	42	4	120	94	123	3	-	90	73.2	8/87	6/87	-2	Japan	ILCB
Dong Myung Boring Co., Ltd.	B036	C	Exp.	311	8	299	234	297	-2	-	224	75.4	9/87	8/87	-1	U.S.A.	ILCB
Chun Kong Electronics Co.	B037	MA	Exp.	71	5	85	61	85	-	16	56	84.7	6/87	7/87	1	England	ILCB
Dae Wang Textile Co.	B038	T	New	196	5	185	172	184	-1	24	40	34.8	9/87	9/87	-	Japan	ILCB
Myoung Il Electronic Co.	B039	N	Exp.	507	92	485	216	484	-1	122	207	67.9	7/87	8/87	1	U.S.A.	ILCB
																Japan	
Tae Hwa Last Co.	B040	CH	New	121	13	235	227	235	-	50	163	90.6	9/87	7/87	-2	Italy	ILCB
Hyup Sung Ind. Machinery Co.	B042	Prepaid															
Nam Do Precision Co.	B043	Prepaid															
Dong Yang Roll	B044	MA	Exp.	1,147	65	101	77	101	-	-	52	51.5	5/87	7/87	2	Sweden	PC
Sei Ik Electric Co., Ltd.	B045	C	Exp.	435	17	67	66	67	-	-	32	47.8	6/87	7/87	1	Deutsch	ILCB

CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry of Project	Nature of Project	at loan application		Total project cost				O&M financing		completion date			country of procurement	Method of procurement	
				Total assets (₩ million)	Total employees	Estimated Total Fixed assets (₩ million)	Actual cost	Cost overrun	Local	foreign authorized of which IED (₩ million)	% of total Project cost	Estimated	Actual	Difference month			
Samboo Production Co., Ltd.	B046	Prepaid															
Pung Il Metal Co.	B047	MA	Exp.	314	51	75	55	75	-	-	39	52.0	9/87	7/87	-2	Japan	ILCB
Hanil Commercial Co.	B048	T	Exp.	41	4	36	32	36		-	24	66.6	10/87	8/87	-2	Japan	ILCB
Oasis Record Co.	B049	Prepaid															
Shin Hwa Precision Co.	B050	MA	Exp.	190	12	127	127	129	2	-	84	65.1	8/87	12/87	4	Japan	ILCB
Tae yong Industrial Co.	B052	T	Exp.	159	6	32	32	32	-	-	24	75.0	9/87	8/87	-1	Japan	ILCB
Sangpyung Textile Co.	B053	Prepaid															
Yooil Ind. Co.	B054	Prepaid															
Sowha Medical Supply Co., Ltd.	B055	P	Exp.	5,357	37	263	263	263	-	-	198	75.3	9/87	9/87	-	W/Germany	ILCB
Gigu Video Ind. Co., Ltd.	B056	O	Exp.	1,611	21	98	98	98	-	-	67	67.7	8/87	9/87	1	U.S.A.	ILCB
Shin Nan Last Co.	B057	Prepaid															
Jeans Trading Co.	B058	P	Exp.	53	9	28	28	28	-	-	22	78.6	10/87	10/87	-	W/Germany	ILCB
Hyun Jin Co.	B059	T	Exp.	232	4	314	303	316	2	46	234	88.6	11/87	8/87	-3	Japan	ILCB
Mok Hwa Bed Co., Ltd.	B060	W	Exp.	47	38	145	120	145	-	-	101	69.6	2/88	11/87	-3	Switzerland	ILCB
Han Lim Industrial Co.	B061	MA	New	245	7	97	38	95	-2	-	29	30.5	11/87	9/87	-2	Japan	ILCB
Daeyang Precision Co.	B062	MA	Exp.	308	37	74	74	74	-	-	53	71.6	10/87	8/87	-2	Japan	ILCB
Jung-A Industrial Co.	B063	P	Exp.	309	26	69	69	69	-	-	56	81.1	1/88	1/88	-	W/Germany	ILCB
Dae Joo Fine Chemical Co., Ltd.	B064	CH	Exp.	704	36	279	273	278	-1	140	104	87.7	10/87	2/88	4	Japan	ILCB
Busan Glove Co.	B065	T	Exp.	148	4	31	31	31	-	-	24	77.4	9/87	9/87	-	Japan	ILCB
Dong Chang Industry Co.	B066	Prepaid															
Woo Seong Industrial Co.	B067	T	BMR	150	1	42	42	42	-	-	33	78.5	9/87	10/87	1	Japan	ILCB
Pyung Hwa Ind. Co.	B068	T	Exp.	108	2	46	36	48	2	-	32	66.6	9/87	1/88	4	Japan	ILCB
Shin Hwa Industrial Co.	B069	P	Exp.	124	12	472	395	470	-2	150	145	62.7	9/87	9/87	-	Korea	PC
Shin An Glove Co.	B070	T	Exp.	38	2	33	30	33	-	-	24	72.7	10/87	10/87	-	Japan	ILCB
Ulsan General Gas Co., Ltd.	B071	CH	Exp.	1,820	71	150	150	150	-	-	113	75.3	11/87	10/87	-1	France	PC
United International Co., Ltd.	B072	Prepaid															

CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry of Project	Nature of Project	at loan application		Total project cost					O/S financing		completion date			country of procurement	Method of procurement
				Total assets (W million)	Total employees	Estimated Total assets (W million)	Planned assets (W million)	Actual Cost cost - overrun	Local	Foreign authorized of which EED (W million)	% of total Project cost	Esti- mated	Actual	Differ- ence month			
Kyung Hwa Enterprise Co., Ltd.	B073	S	New	34	11	49	24	50	1	25	19	88.0	10/87	11/87	1	Japan	ILCB
Hyundai Electro form & Die	B074	MA	Exp.	330	42	98	89	98	-	-	73	74.4	3/88	12/87	-3	Italy	ILCB
Dong Myung Boring Co., Ltd.	B075	C	Exp.	310	10	288	288	288	-	-	220	76.4	10/87	12/87	2	U.S.A.	ILCB
Nam Chang Mun Kong So Co.	B076	P	Exp.	244	14	129	129	129	-	-	105	81.4	2/88	12/87	-2	Japan	ILCB
Dong-Kwang Precision Co.	B077	MA	Exp.	279	68	288	184	286	-2	50	148	69.2	11/87	11/87	-	Japan	ILCB
Joong Ang Color Co.	B078	S	Exp.	146	7	99	60	100	1	34	46	80.0	12/87	11/87	-1	Japan	ILCB
Hyun Dai Glove Co.	B079	T	Exp.	38	4	78	45	80	2	15	37	65.0	11/87	12/87	1	Japan	ILCB
Je Il Color Process Co.	B080	S	Exp.	263	26	142	117	142	-	-	90	63.4	2/88	11/87	-3	Japan	ILCB
Doo Yang Industrial Co.	B081	CH	Exp.	150	36	86	86	86	-	-	47	54.6	12/87	12/87	-	Italy	ILCB
Eun Sung Sa Co.	B082	Prepaid															
Kwang Sung Industrial Co., Ltd.	B083	T	New	950	10	1,487	1,395	1,480	-7	700	228	62.7	12/87	12/87	-	Korea	PC
Shin Il Industrial Co.	B084	MA	Exp.	114	14	72	67	74	2	-	52	70.3	1/88	4/88	3	Japan	ILCB
Bu San Glove Co.	B085	T	Exp.	148	5	34	34	34	-	-	25	73.5	1/88	4/88	3	Japan	ILCB
Kuk Il Hosiery Co.	B086	T	Exp.	115	13	103	101	104	1	-	71	68.3	4/88	5/88	1	Italy	ILCB
Dong Yang Car Dock Co.	B087	S	Exp.	195	48	137	137	137	-	-	90	65.7	1/88	8/88	7	Japan	ILCB
Dae Ryung Electronic Co., Ltd.	B088	MA	Exp.	415	76	225	56	221	-4	-	55	24.9	2/88	12/87	-2	Korea	PC
Han Sung Ind. Co.	B089	Prepaid															
Dong Kwang Sa Co.	B090	MA	Exp.	518	55	149	149	149	-	-	115	77.7	3/88	1/88	-2	Japan	ILCB
Mirami Co., Ltd.	B091	MA	Exp.	654	25	123	78	124	1	-	59	47.7	4/88	1/88	-3	Japan	ILCB
Dae Myung Industrial Co.	B092	Prepaid															
Shin Shin Glove	B093	Prepaid															
Tae Back Textile Ind. Co.	B094	T	Exp.	213	12	33	32	33	-	-	25	75.5	1/88	3/88	2	Japan	ILCB
Kuk Je Metal Industrial Co.	B095	MA	Exp.	96	12	342	335	341	-1	20	230	73.3	3/88	7/88	4	Japan	ILCB
Young Jin Industrial Co.	B096	MA	Exp.	347	34	122	100	121	-1	-	60	49.6	1/88	1/88	-	Korea	PC
Seung Hoo Precision Co.	B097	MA	Exp.	40	7	151	106	153	2	-	75	49.0	2/88	2/88	-	Japan	ILCB
Sam Yang Export Packing Co.	B098	P	Exp.	410	34	116	92	116	-	-	65	56.0	3/88	4/88	1	Japan	ILCB
Yong Jin Jung Gong Sa.	B099	MA	Exp.	446	38	198	64	198	-	-	85	42.9	2/88	4/88	2	Taiwan	ILCB

CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry	Return of Project	at loan application		Total project cost				OE financing		completion date			country of procurement	Method of procurement	
				Total assets (₩ million)	Total employees	Estimated Total assets (₩ million)	Planned assets	Actual Cost overrun	Local	foreign authorized of which IHB (₩ million)	% of total Project cost	Esti- mated	Actual Differ- ence month				
Bum Jin Paper Tube Co.	B100	P	Exp.	287	26	40	40	40	-	-	28	70.0	3/88	4/88	1	Taiwan	ILCB
Dong Chang Glove Co.	B101	T	Exp.	264	8	69	69	69	-	-	50	72.4	3/88	2/88	-1	Japan	ILCB
Kukmin Wire Cut Center Co.	B102	MA	New	283	2	600	590	602	2	100	241	56.7	3/88	4/88	1	Japan	ILCB
Chun Kong Electronics Co.	B103	MA	Exp.	71	9	159	144	157	-2	-	115	73.2	6/88	4/88	-2	Japan	ILCB
Sung Chang Glove	B104	T	Exp.	24	5	70	70	70	-	-	51	72.8	6/88	5/88	-1	Japan	ILCB
Kyung Sung Precision Co.	B105	MA	Exp.	861	96	285	199	284	-1	-	134	47.2	2/88	6/88	4	Switzerland	ILCB
Sei Ik Engineering & Electric Co.	B106	C	Exp.	434	23	50	50	50	-	-	32	64.0	3/88	2/88	-1	Deutch	ILCB
Sam Sung Screen Special Printing Co.	B107	Prepaid															
Tae Kwang Glove Co.	B109	T	Exp.	145	5	64	53	63	-1	-	42	66.6	3/88	4/88	1	Japan	ILCB
Dong Yang Industry	B110	Prepaid															
Se Hyeong Industrial Co., Ltd.	B111	TR	Exp.	1,284	71	88	88	88	-	-	49	55.7	1/88	3/88	2	Korea	PC
Dong-A Industry Co.	B112	T	New	76	4	65	62	66	1	-	41	62.1	6/88	5/88	-1	Japan	ILCB
Hogy Sang Sa	B113	T	Exp.	58	11	70	67	70	-	-	50	71.4	3/88	3/88	-	Japan	ILCB
Sin Sung Ind.	B114	CH	Exp.	868	29	289	289	289	-	-	200	69.2	4/88	3/88	-1	Switzerland	ILCB
Tae Jung Industrial Co.	B115	T	New	35	1	46	39	45	-1	-	29	64.4	4/88	3/88	-1	Japan	ILCB
Keum Hwa Electric Co., Ltd.	B116	Prepaid															
Sang Il Industry Co.	B117	T	Exp.	112	5	50	46	49	-1	-	35	71.4	3/88	5/88	2	Japan	ILCB
Dong Chang Industry Co.	B118	T	Exp.	153	5	37	33	38	1	-	25	65.8	3/88	5/88	2	Japan	ILCB
Yong Sung Sa	B119	MA	Exp.	170	15	156	153	154	-2	-	50	32.4	3/88	3/88	-	Japan	ILCB
Sang Shin Auto Maintenance Co.	B120	MA	Exp.	279	46	131	131	131	-	-	92	70.2	7/88	8/88	1	Japan	ILCB
Jin Il Transfer Co., Ltd.	B121	P	Exp.	397	39	65	65	65	-	-	50	76.9	1/88	2/88	1	Japan	PC
Kyung Shin Chemical Co.	B122	Prepaid															
Dae Sung Woolen Textile Co.	B123	T	Exp.	648	30	210	149	209	-1	-	117	55.9	6/88	6/88	-	Japan	ILCB
Dae Jin Hosiery Co.	B124	T	Exp.	273	13	85	75	85	-	-	56	65.8	7/88	3/88	-4	Japan	ILCB
Dong Chang Trading Co., Ltd.	B125	Prepaid															
Keon Seol Glove Co.	B126	T	Exp.	80	2	69	67	70	1	-	46	65.7	6/88	8/88	2	Japan	ILCB
Sam Kwang Metal Ind. Co.	B127	Prepaid															

CHARACTERISTICS OF SUBPROJECTS

Subproject	Sub-project No.	Industry of Project	Nature	at loan application		Total project cost				ON financing		completion date			country of procurement	Method of procurement	
				Total assets (W million)	Total employees	Estimated Total Fixed assets (W million)	Actual cost	Cost overrun	Local	foreign authorized of which IRO (W million)	% of total Project cost	Esti- mated	Actual	Differ- ence month			
Sam Hwa Food Co.	B128	F	Exp.	3,115	97	91	91	91	-	-	57	62.6	5/88	8/88	3	Netherlands	ILCB
Tae Yang Engineering Co.	B129	CH	Exp.	137	4	54	50	55	1	-	30	54.5	3/88	6/88	3	U.S.A.	ILCB
Daeyoung Coating Co.	B130	MA	Exp.	181	16	197	197	197	-	24	130	78.2	9/88	8/88	-1	Italy	ILCB
Shin Ho Sang Sa	B131	T	New	55	10	124	81	122	-2	30	46	62.3	7/88	1/88	-	Japan	ILCB
Sam Bong Emblem Co.	B132	T	New	355	10	714	695	712	-2	50	268	44.7	6/88	6/88	-	Japan	ILCB
Kyeong Bock Sa	B133	T	BMR	360	35	138	131	140	2	-	91	65.0	9/88	8/88	-1	Japan	ILCB
Se Hyeong Industrial Co., Ltd.	B134	TR	Exp.	2,149	88	166	128	166	-	-	73	43.9	7/88	7/88	-	Korea	PC
Hwa Sung Heavy Equipment Co., Ltd	B135	S	Exp.	68	4	181	165	178	-3	-	99	55.6	9/88	10/88	1	Korea	PC
Oh Sung Electronic Co., Ltd.	B136	MA	Exp.	313	54	111	62	110	-1	-	43	39.1	8/88	6/88	-2	Japan	ILCB
Hyun Dae Chemical Industrial Co.	B137	P	Exp.	74	30	610	573	608	-2	341	108	73.8	8/88	9/88	1	Korea	PC
Se Hwang Ind.	B138	Prepaid															
Shin Hwa Ind. Co.	B139	T	Exp.	168	25	209	209	209	-	37	90	60.7	1/89	3/89	2	W/Germany	ILCB
Jin Sung Machine Co.	B140	MA	New	150	6	236	228	234	-2	50	118	71.8	3/89	5/89	2	Italy	ILCB
Jung Ent. Clinic	B141	S	Exp.	86	12	44	36	45	1	-	25	55.5	1/89	5/89	4	W/Germany	ILCB
Kyung Shin Chemical Ind. Co.	B142	CH	Exp.	454	97	91	91	91	-	-	49	53.8	10/88	1/89	3	Korea	PC
Sin Il Industrial Co.	B143	T	Exp.	170	4	62	60	62	-	-	44	70.9	1/89	3/89	2	Japan	ILCB

Note: C = Construction
P = Paper, Paper Products & Printing
CH = Chemicals, Petroleum, Coal, Rubber & Plastic
EXP = Expansion
F = Food, Beverage & Tobacco
S = Service
MA = Metal Products, Machinery & Equipment
BMR = Balancing, Modernization & Replacement

M = Non-metallic mineral products
T = Textile, wearing apparel & leather
MI = Mining
ILCB = International Limited Competitive Bidding
O = Others
W = Wood & wood products
TR = Transportation
PC = Proprietary contract

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.		Total Sales				Profits				Profits as % of							
			Estimate		Actual		Estimate		Actual		Net worth				total assets			
											Estimate		Actual		Estimate		Actual	
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.
Sae Mi Textile Co., Ltd.	A001	Prepaid																
Dong Chang Textile Co., Ltd.	A002		173	1,004	170	1,087	16	95	14	98	16.5	29.3	16.5	29.3	6.2	8.2	6.2	8.2
Kyung Shin Chemical Co.	Appe	Prepaid																
Dae Kyung Ind. Co.	A004	Prepaid																
Shin-Do Industrial Co.	A006		316	1,125	297	1,235	60	237	59	237	7.5	10.4	7.5	10.5	4.2	4.5	4.2	5.1
Han Seong Sealing Co.	A007	Prepaid																
Sam Hwang Fabric Industrial Co.	A008	Prepaid																
Dae Seong Industrial Co.	B001	Prepaid																
Sam Dae parts Ind. Co.	B002	Prepaid																
Myoung TI Electronic Co.	B003		881	962	854	970	50	53	48	55	22.4	20.5	23.0	20.3	8.6	9.0	8.8	9.7
Dae Jin Hosiery Co.	B004		106	123	110	135	10	15	11	16	8.8	11.1	9.1	11.8	6.6	6.8	6.7	6.9
Dae Yung Automobile Co.	B005	Prepaid																
Han Dok Hosiery Co.	B006		481	992	470	997	44	179	42	181	11.6	38.2	11.3	39.0	4.7	12.2	4.5	12.9
Young Nam Model Co.	B008		318	339	288	343	13	13	10	13	16.3	13.5	15.9	13.5	8.5	6.6	8.2	6.6
Dong Jae Industrial Co.	B009	Prepaid																
Seong Jin Precision Co.	B010		435	435	421	435	43	42	41	42	17.1	15.1	16.9	15.1	8.0	7.6	7.9	7.6
Hong Jin Industry Co.	B011		255	503	260	515	20	33	21	35	38.3	42.0	39.0	42.5	12.9	16.9	13.0	17.1
Shin Sung Wire Cutting Co.	B012	Prepaid																
Sei Chang Machine Co.	B013		350	396	341	397	37	55	36	55	22.9	27.9	22.0	27.9	9.4	12.7	9.4	12.7
Korea Metal Co.	B014		621	831	611	833	13	18	12	18	9.0	11.8	9.0	11.8	4.2	4.6	4.2	4.6
Im Jin Ind. Co.	B015		198	260	199	270	20	26	20	27	16.5	18.2	16.5	18.2	9.4	9.6	9.4	9.6
TI Shim Co.	B016		571	728	569	730	24	53	24	53	46.5	55.3	46.5	55.0	10.7	17.4	10.5	17.2
Set Ryul Scanning Lab. Co.	B017	Prepaid																
Shin Segye Sound Co., Ltd.	B018		2,523	2,713	2,541	2,742	82	93	83	95	25.9	24.6	26.1	24.8	6.8	7.0	6.8	7.1

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.	Total Sales				Profits				Profits as % of							
		Estimate		Actual		Estimate		Actual		Net worth				total assets			
		1st yr. 2nd yr.		1st yr. 2nd yr.		1st yr. 2nd yr.		1st yr. 2nd yr.		Estimate		Actual		Estimate		Actual	
		1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.
Jang An Embroidery Co.	B019	87	152	89	151	9	22	9	22	22.4	33.0	22.6	32.9	11.3	15.0	11.2	14.9
Madong Stone Co.	B020	1,066	1,649	987	1,654	32	56	31	57	17.3	21.9	17.1	22.0	6.6	7.6	6.6	7.6
Dae Myung Electronics Co.	B021	51	72	49	75	12	19	11	20	33.0	35.4	32.5	35.7	20.1	18.4	20.0	18.6
Ken Precision Co.	B022	764	781	741	781	81	83	79	83	23.6	19.5	23.2	19.7	10.5	10.6	10.7	10.9
Kum Soo Precision Co.	B023	Prepaid															
Khang Jin Electronics Co., Ltd.	B024	462	1,205	478	1,227	12	47	13	49	23.8	76.6	23.8	76.7	19.3	55.4	19.3	55.5
Daeil Shinsun Co.	B025	Prepaid															
Hyun Hee Mark	B026	210	285	199	290	21	35	20	36	19.1	25.2	19.0	25.2	10.3	13.9	10.3	13.9
Daeil Shinsun Co., Ltd.	B027	Prepaid															
Taegu Chemical Co.	B028	Prepaid															
Seowon Co., Ltd.	B029	Prepaid															
You Han Jongmil	B030	74	139	75	140	1	1	1	1	13.3	8.8	13.3	8.8	1.8	1.4	1.7	1.3
Ilhwa Lumber Co.	B031	486	659	485	661	6	1	6	1	1.4	0.2	1.4	0.2	2.1	0.3	2.1	0.3
San Kyang Engineering Co.	B032	Prepaid															
Dong Lim Chong Kong Sa	B033	Prepaid															
Miram Co., Ltd.	B034	216	285	203	290	43	40	42	41	41.3	27.6	41.0	27.8	11.2	10.0	11.1	10.1
Dong Hoon Industry Co.	B035	127	160	125	160	21	28	20	29	51.0	40.9	51.0	41.0	13.0	17.6	13.0	17.6
Dong Myung Boring Co., Ltd.	B036	341	421	329	430	80	77	79	79	40.7	28.2	40.6	28.4	13.8	14.0	13.7	14.1
Chun Kong Electronics Co.	B037	167	232	169	240	23	31	23	32	45.6	39.0	45.4	39.1	17.4	15.8	17.4	15.9
Dae Wang Textile Co.	B038	19	60	21	63	4	17	5	18	3.4	11.9	3.6	11.9	1.8	6.8	1.9	6.8
Myoung Il Electronic Co.	B039	2,353	2,737	2,359	2,798	76	93	77	98	54.7	34.8	54.9	34.8	42.9	29.7	43.0	29.8
Tae Hwa Last Co.	B040	90	284	94	284	2	38	2	38	1.7	26.9	1.7	26.9	0.6	10.0	0.6	10.0
Hyup Sung Ind. Machinery Co.	B042	Prepaid															
Ham Do Precision Co.	B043	Prepaid															
Dong Yang Roll	B044	1,880	2,303	1,778	2,397	61	72	60	74	18.1	17.5	17.9	17.7	4.4	4.5	4.4	4.6
Sei Ik Electric Co., Ltd.	B045	916	1,104	904	1,118	37	43	36	45	16.5	15.5	16.4	15.7	7.6	7.2	7.6	7.2
Sambo Production Co., Ltd.	B046	Prepaid															

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.	Total Sales				Profits				Profits as % of							
		Estimate		Actual		Estimate		Actual		Net worth				total assets			
		1st yr. 2nd yr.		1st yr. 2nd yr.		1st yr. 2nd yr.		1st yr. 2nd yr.		Estimate		Actual		Estimate		Actual	
		1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.
Pung Il Metal Co.	8047	599	910	601	917	8	68	9	69	3.3	23.2	3.2	23.1	1.7	11.8	1.6	11.7
Hanil Commercial Co.	8048	47	63	46	64	7	8	7	8	15.0	14.4	15.0	14.4	9.4	9.4	9.4	9.4
Oasis Record Co.	8049	Prepaid															
Shin Hwa Precision Co.	8050	358	419	347	426	47	61	46	61	39.7	35.3	39.6	35.3	17.4	15.8	17.2	15.8
Taeyong Industrial Co.	8052	111	133	112	135	6	8	6	9	6.1	7.9	6.1	8.0	3.8	5.3	3.8	5.3
Sanggyung Textile Co.	8053	Prepaid															
Yooil Ind. Co.	8054	Prepaid															
Sowha Medical Supply Co., Ltd.	8055	8,013	9,462	7,999	9,476	329	423	328	425	35.4	33.7	35.4	33.8	5.5	6.0	5.5	6.0
Gigu Video Ind. Co., Ltd.	8056	724	870	744	878	60	110	61	110	44.0	49.3	44.1	49.2	3.7	6.9	3.7	6.9
Shin Han East Co.	8057	Prepaid															
Jeans Trading Co.	8058	24	143	28	149	7	40	8	41	37.2	110.3	37.4	110.4	10.8	40.6	10.7	40.5
Hyun Jin Co.	8059	173	183	180	194	57	70	58	71	23.9	23.0	24.0	23.0	10.4	11.8	10.4	11.8
Mok Hwa Bed Co., Ltd.	8060	567	586	574	598	24	25	25	26	27.4	22.1	27.4	22.2	12.4	8.7	12.3	8.7
Han Lim Industrial Co.	8061	160	1,108	175	1,147	3	17	4	19	1.0	6.5	1.8	7.0	0.8	3.7	0.9	3.8
Daeyang Precision Co.	8062	498	518	481	533	26	24	25	25	17.6	13.8	17.1	14.0	6.7	6.1	6.6	6.1
Jung-A Industrial Co.	8063	1,232	1,391	1,246	1,427	29	31	28	32	27.5	22.7	27.4	22.8	8.3	7.4	8.3	7.4
Dae Joo Fine Chemical Co., Ltd.	8064	1,332	2,207	1,334	2,253	34	74	34	76	19.7	30.5	19.3	30.0	4.3	7.8	4.3	7.7
Busan Glove Co.	8065	76	93	74	97	16	22	15	22	13.5	15.9	13.4	15.8	9.7	11.3	9.6	11.2
Dong Chang Industry Co.	8066	Prepaid															
Woo Seong Industrial Co.	8067	19	53	18	56	5	10	5	11	3.9	8.1	3.8	8.2	2.7	5.4	2.7	5.4
Pyung Hwa Ind. Co.	8068	109	175	101	178	7	11	6	11	8.3	11.4	8.3	11.4	5.9	7.8	5.9	7.7
Shin Hwa Industrial Co.	8069	1,466	2,084	1,489	2,080	49	78	48	77	31.7	29.2	31.7	29.1	11.5	9.8	11.5	9.8
Shin An Glove Co.	8070	54	81	53	85	12	20	12	21	23.8	25.3	23.7	25.5	21.3	22.1	21.2	22.0
Ulsan General Gas Co., Ltd.	8071	2,893	3,415	2,901	3,433	84	85	84	84	17.1	14.8	17.0	14.7	4.6	4.7	4.6	4.7
United International Co., Ltd.	8072	Prepaid															
Kyung Hwa Enterprise Co., Ltd.	8073	57	243	55	246	5	15	4	16	2.7	22.2	2.7	22.3	1.4	13.2	1.4	13.3
Hyundai Electro form & Die	8074	582	742	571	749	18	19	18	19	6.2	6.0	6.1	5.9	3.0	2.9	3.0	2.8

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.	Total Sales				Profits				Profits as % of							
		Estimate		Actual		Estimate		Actual		Net worth				total assets			
		1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
Dong Myung Boring Co., Ltd.	8075	474	876	479	887	130	281	130	282	145.8	83.4	145.8	83.1	11.1	15.5	11.0	15.4
Nam Chang Mun kong Sa Co.	8076	242	368	235	381	20	31	19	30	8.9	11.9	8.8	11.7	7.8	8.7	7.8	8.5
Dong-Kwang Precision Co.	8077	841	1,444	827	1,488	51	75	50	76	36.0	34.7	36.0	34.6	9.0	8.6	9.0	8.6
Joong Ang Color Co.	8078	183	425	182	431	15	30	15	30	13.9	21.6	13.8	21.4	6.9	11.9	6.7	11.8
Hyun Dai Glove Co.	8079	51	94	50	97	8	11	8	10	12.3	14.1	12.1	14.0	10.2	8.6	10.1	8.5
Je Il Color Process Co.	8080	377	795	385	802	22	26	22	27	8.7	9.2	8.6	9.2	6.7	5.9	6.7	5.9
Doo Yang Industrial Co.	8081	174	240	169	252	7	26	6	26	2.3	7.7	2.3	7.7	2.6	6.2	2.6	6.1
Eun Sung Sa Co.	8082	Prepaid															
Kwang Sung Industrial Co., Ltd.	8083	224	2,692	230	2,701	23	257	22	258	4.9	42.7	4.9	42.5	1.4	14.0	1.4	13.9
Shin Il Industrial Co.	8084	249	253	247	256	34	30	32	30	24.7	18.1	24.6	18.0	16.0	12.4	15.9	12.3
Dusan Glove Co.	8085	181	181	183	185	42	43	41	41	28.7	22.5	28.6	22.4	16.9	13.8	16.8	13.8
Kuk Il Hosiery Co.	8086	163	199	161	221	15	17	14	19	11.4	11.6	11.3	11.8	8.0	6.9	8.0	6.8
Dong Yang Car Dock Co.	8087	312	330	309	340	23	32	21	33	4.7	6.1	4.7	6.0	3.8	6.3	3.8	6.3
Dae Ryung Electronic Co., Ltd.	8088	Prepaid															
Han Sung Ind. Co.	8089	1,959	2,065	1,966	2,104	118	134	119	136	38.9	31.1	39.0	31.0	17.5	16.2	17.5	16.2
Dong Kwang Sa Co.	8090	1,062	1,084	1,083	1,095	74	77	77	80	19.8	17.2	20.0	17.3	8.5	8.0	8.5	8.0
Miran Co., Ltd.	8091	739	820	745	831	77	87	78	89	50.3	37.0	50.1	36.8	10.5	10.4	10.4	10.3
Dae Myung Industrial Co.	8092	Prepaid															
Shin Shin Glove	8093	Prepaid															
Tae Back Textile Ind. Co.	8094	197	197	186	199	24	32	24	33	13.7	15.2	13.6	15.1	10.3	11.9	10.3	11.8
Kuk Je Metal Industrial Co.	8095	381	437	384	441	6	82	6	83	7.1	63.1	7.0	63.0	2.3	16.5	2.3	16.3
Young Jin Industrial Co.	8096	922	922	925	938	58	60	58	61	35.6	26.7	35.4	26.5	9.6	8.3	9.5	8.2
Seung Moo Precision Co.	8097	468	529	459	541	73	83	72	84	51.4	39.3	51.1	39.2	34.2	22.8	34.2	22.7
Sam Yang Export Packing Co.	8098	1,081	1,153	1,075	1,162	50	61	49	63	14.2	15.0	14.1	14.9	5.2	5.9	5.2	5.9
Yong Jih Jung Gong Sa	8099	765	809	748	811	85	90	84	91	49.1	34.7	49.0	34.6	13.6	12.2	13.5	12.2
Bun Jin Paper Tube Co.	8100	357	380	349	381	25	27	24	27	11.3	11.0	11.3	11.0	7.6	7.4	7.6	7.4

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.	Total Sales				Profits				Profits as % of							
		Estimate		Actual		Estimate		Actual		Net worth				Total assets			
		1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.		
		1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.		
Dong Chang Glove Co.	B101	210	223	208	225	29	22	28	23	11.8	8.2	11.7	8.2	8.9	5.9	8.9	5.9
Kulmin Wire Out Center Co.	B102	599	768	571	788	51	95	50	96	25.5	35.2	25.4	35.2	10.3	12.3	10.3	12.1
Chun Kong Electronics Co.	B103	346	498	321	491	53	79	51	78	64.3	53.1	64.1	53.0	20.8	20.6	20.7	20.5
Sung Chang Glove	B104	99	118	79	116	19	21	16	20	33.0	27.9	32.9	27.7	18.3	14.7	18.2	14.6
Kyung Sung Precision Co.	B105	1,468	1,468	1,423	1,477	182	176	171	178	42.4	28.8	42.2	28.6	14.7	12.3	14.5	12.2
Sei Ik Engineering & Electric Co., Ltd.	B106	1,404	1,532	1,399	1,536	40	52	39	53	16.7	18.2	16.6	18.1	7.2	7.3	7.2	7.2
Sam Sung Screen Special Printing Co.	B107	Prepaid															
Tae Kwang Glove Co.	B109	197	215	199	226	16	19	17	21	12.8	14.7	12.9	14.9	8.6	8.8	8.7	8.8
Dong Yang Industry	B110	Prepaid															
Se Hyeong Industrial Co., Ltd.	B111	1,402	1,402	1,399	1,411	105	105	104	105	22.6	18.4	22.5	18.4	8.5	8.1	8.5	8.1
Dong-A Industry Co.	B112	45	84	47	85	7	15	7	14	7.0	14.2	6.9	14.1	6.1	9.7	6.1	9.6
Hogye Sang Sa	B113	294	326	296	330	21	20	21	21	43.1	29.5	43.0	29.4	20.3	13.7	20.1	13.5
Sin Sung Ind.	B114	1,473	1,793	1,462	1,801	200	202	199	201	31.8	24.4	31.7	24.3	14.5	12.2	14.4	12.2
Tae Jung Industrial Co.	B115	55	96	54	101	6	10	6	11	17.0	28.6	16.9	28.5	10.9	13.3	10.8	13.2
Keum Hwa Electric Co., Ltd.	B116	Prepaid															
Sang Il Industry Co.	B117	146	156	141	158	22	26	21	26	19.3	20.5	19.2	20.4	12.1	14.1	12.1	14.0
Dong Chang Industry Co.	B118	158	160	140	167	22	19	20	20	13.7	11.6	13.6	11.5	9.9	8.4	9.8	8.3
Yong Sung Sa	B119	600	747	590	752	34	40	33	41	17.6	18.1	17.5	18.0	9.6	8.9	9.5	8.8
Sang Shin Auto Maintenance Co.	B120	347	376	259	386	34	35	22	36	17.2	15.0	15.1	15.8	8.2	7.1	8.0	7.0
Jin Il Transfer Co., Ltd.	B121	616	616	601	621	53	55	50	56	31.0	24.3	30.0	24.1	12.1	11.2	12.0	11.1
Kyung Shin Chemical Co.	B122	Prepaid															
Dae Sung Woolen Textile Co.	B123	1,822	2,282	1,824	2,285	103	121	103	120	25.6	24.8	25.5	24.7	13.1	12.7	13.0	12.6
Dae Jin Hosiery Co.	B124	245	338	247	348	16	19	16	20	8.4	9.4	8.3	9.3	4.7	5.2	4.6	5.1
Dong Chang Trading Co., Ltd.	B125	Prepaid															
Keon Seol Glove Co.	B126	171	223	163	225	16	33	15	33	33.8	46.4	33.7	46.2	13.3	18.7	13.2	18.6
Sam Kwang Metal Ind. Co.	B127	Prepaid															

FINANCIAL INDICATORS OF SUBPROJECTS

Sub-project	Sub-project No.	Total Sales				Profits				Profits as % of							
		Estimate		Actual		Estimate		Actual		Net worth				total assets			
		1st yr.		2nd yr.		1st yr.		2nd yr.		1st yr.		2nd yr.		1st yr.		2nd yr.	
		Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
San Hwa Ind. Co.	B128	5,327	6,585	5,037	6,587	126	146	121	147	18.9	18.3	18.6	18.2	3.8	3.8	3.8	3.7
Tae Yang Engineering Co.	B129	384	467	386	479	33	41	33	42	23.2	22.8	23.2	22.7	18.4	17.3	18.3	17.1
Daeyoung Coasting Co.	B130	280	386	275	391	24	57	23	59	13.1	25.9	13.0	25.8	8.3	13.8	8.3	13.7
Shin Ho Sang Sa.	B131	431	587	420	586	26	36	24	37	77.2	55.8	77.0	55.2	22.7	18.3	22.1	18.1
Sam Bong Embles Co.	B132	302	574	313	580	51	81	52	82	12.5	18.1	12.6	18.0	6.6	9.8	6.5	9.5
Kyeong Bock Sa	B133	323	343	297	347	68	74	69	75	33.9	27.2	33.4	27.0	15.6	14.3	15.4	14.1
Se Ryeong Industrial Co., Ltd.	B134	3,172	3,202	2,987	3,215	128	141	121	143	26.0	25.6	25.8	25.5	6.4	7.9	6.2	7.7
Hwa Sung Heavy Equipment Co., Ltd.	B135	95	159	94	163	8	9	7	10	11.4	11.8	11.3	11.9	6.1	4.8	6.0	4.7
Gh Sung Electric Co., Ltd.	B136	942	1,190	945	1,196	10	59	10	59	8.9	39.5	8.8	39.3	3.3	15.6	3.3	15.5
Hyun Dae Chemical Industrial Co.	B137	1,918	2,939	1,935	2,945	97	174	98	175	47.3	42.8	47.1	42.6	8.7	9.9	8.6	9.7
Se Hwang Ind.	B138	Prepaid															
Shin Hwa Ind. Co.	B139	765	775	743	-	57	59	56	-	28.8	23.0	28.7	-	15.0	12.3	14.9	-
Jin Sung Machine Co.	B140	323	336	321	-	71	69	70	-	36.2	25.7	36.1	-	23.6	15.2	23.5	-
Jung Ent. Clinic	B141	276	297	271	-	37	40	36	-	50.8	50.9	50.5	-	34.1	31.3	34.0	-
Kyung Shin Chemical Ind. Co.	B142	4,912	4,998	4,900	-	344	418	351	-	41.5	30.7	41.0	-	11.2	11.2	11.0	-
Sin Il Industrial Co.	B143	169	173	167	-	28	27	27	-	34.0	24.5	33.9	-	15.2	12.1	15.0	-

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization				Export (W million)				Export as % of Total Sales		Direct imports of raw materials		Estimated employment on incremental basis	Estimated value added		FPR	ERR
			Estimate		Actual		Estimate		Actual		Sales		materials			1st yr.	2nd yr.		
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.					
Sam Mi Textile Co., Ltd.	A001	Prepaid																	
Dong Chang Textile Co., Ltd.	A002	Seoul	60	82	80	82									14	367	803	33.8	48.5
Kyung Shin Chemical Co.	A003	Prepaid																	
Dae Kyung Ind. Co.	A004	Prepaid																	
Shin-Do Industrial Co.	A006	Kyungnam	75	90	80	90									1	-89	631	17.5	48.0
Han Seong Sealing Co.	A007	Prepaid																	
Sam Kwang Fabrick Industrial Co.	A008	Prepaid																	
Dae Seong Industrial Co.	B001	Prepaid																	
Sam Dae Parts Ind. Co.	B002	Kyunggi	75	75	75	80									2	105	231		
Myoung Il Electronic Co.	B003	Kyunggi	65	80	70	80									8	135	386		
Dae Jin Hosiery Co.	B004	Kyungbuk	90	90	85	90									8	9	24		
Dae Yung Automobile Co.	B005	Prepaid																	
Han Dok Hosiery Co.	B006	Kyunggi	75	80	80	80									22	359	840		
Young Nam Model Co.	B008	Kyungnam	85	90	80	90									2	17	39		
Dong Jae Industrial Co.	B009	Prepaid																	
Seong Jin Precision Co.	B010	Seoul	80	80	80	80									7	95	197		
Hong Jin Industry Co.	B011	Seoul	74	80	80	85									2	88	159		
Shin Sung Wire Cutting Co.	B012	Prepaid																	
Sei Chang Machine Co.	B013	Pusan	90	90	85	90									5	78	151		
Korea Metal Co.	B014	Pusan	80	80	80	80									1	110	160		
In Jin Ind. Co.	B015	Seoul	85	90	85	90									2	67	97		
Il Shim Co.	B016	Seoul	85	85	85	90									3	193	322		
Set Byul Scanning Lab. Co.	B017	Prepaid																	
Shin Segye Sound Co., Ltd.	B018	Seoul	85	85	80	85									1	415	694		

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization Export (W million)								Export as % of Total Sales		Direct imports of raw materials		Estimated employment on incremental basis	Estimated value added		FPR	ERR
			Estimate		Actual		Estimate		Actual										
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.									
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.									
Jang An Embroidery Co.	B019	Seoul	90	90	85	90								2	87	114			
Modong Stone Co.	B020	Kyungbuk	65	80	70	75								4	145	221			
Dae Myung Electronics Co.	B021	Seoul	9	95	90	90								4	41	67			
Kem Precision Co.	B022	Kyunggi	93	93	90	90								3	154	189			
Kum Soo Precision Co.	B023	Prepaid																	
Kwang Jin Electronics Co., Ltd.	B024	Kyunggi	85	85	80	85								44	423	711			
Daeil Shinsun Co.	B025	Prepaid																	
Hyun Hee Mark	B026	Seoul																	
Daeil Shinsun Co., Ltd.	B027	Prepaid																	
Taeguung Chemical Co.	B028	Prepaid																	
Seowon Co., Ltd.	B029	Prepaid																	
You Han Jongmil	B030	Kyunggi	95	95	85	90								4	49	58			
Ihwa Lumber Co.	B031	Kyunggi	90	90	85	90								15	127	170			
San Kyang Engineering Co.	B032	Prepaid																	
Dong Lim Chong Kong Sa	B033	Prepaid																	
Miram Co., Ltd.	B034	Kyungnam	90	90	90	90								4	149	187			
Dong Hoon Industry Co.	B035	Seoul	95	95	90	95								2	118	155			
Dong Myung Boring Co., Ltd.	B036	Seoul	80	90	80	90								3	38	48			
Chun Kong Electronics Co.	B037	Seoul	80	80	80	85								3	115	161			
Dae Wang Textile Co.	B038	Jeonbuk	96	96	90	95								4	39	45			
Myoung Il Electronic Co.	B039	Kyunggi	90	90	90	90								17	976	1,318			
Tae Hwa Last Co.	B040	Seoul	90	90	85	90								13	83	176			
Hyup Sung Ind. Machinery Co.	B042	Prepaid																	
Nam Do Precision Co.	B043	Prepaid																	
Dong Yang Roll	B044	Kyunggi	75	80	80	80								3	484	651			
Sei Ik Electric Co., Ltd.	B045	Choongbuk	79	85	80	85								12	327	411			
Samboo Production Co., Ltd.	B046	Prepaid																	

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization Report (W million)								Export as % of Total Sales		Direct imports of raw materials	Estimated employment on incremental basis	Estimated value added		FPR	ERR
			Estimate		Actual		Estimate		Actual						1st yr.	2nd yr.		
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.								
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.								
Pung Il Metal Co.	B047	Pusan	80	90	85	90							2	94	122			
Hanil Commercial Co.	B048	Seoul	90	90	90	90							2	19	21			
Oasis Record Co.	B048	Prepaid																
Shin Hwa Precision Co.	B050	Seoul	90	90	90	90							1	51	68			
Tae yong Industrial Co.	B052	Seoul	80	80	85	90							2	10	12			
Sangpyung Textile Co.	B053	Prepaid																
Yooil Ind. Co.	B054	Prepaid																
Sowha Medical Supply Co., Ltd.	B055	Seoul	90	90	90	90							3	940	1,242			
Gigu Video Ind. Co., Ltd.	B056	Kyunggi	85	90	85	90							1	109	172			
Shin Han Last Co.	B057	Prepaid																
Jeans Trading Co.	B058	Seoul	80	85	85	85							-	57	64			
Hyun Jin Co.	B059	Kyunggi	90	90	90	90							5	127	157			
Mok Hwa Bed Co., Ltd.	B060	Seoul	90	90	90	90							11	18	207			
Han Lim Industrial Co.	B061	Kyungbuk	80	90	85	90							7	196	224			
Daeyang Precision Co.	B062	Seoul	95	95	90	95							2	40	44			
Jung-A Industrial Co.	B063	Kyunggi	90	90	85	90							-	152	180			
Dae Joo Fine Chemical Co., Ltd.	B064	Kyunggi	90	90	90	90							17	627	783			
Busan Glove Co.	B065	Seoul	90	90	80	85							2	43	50			
Dong Chang Industry Co.	B066	Prepaid																
Woo Seong Industrial Co.	B067	Seoul	100	100	100	100							3	3	3			
Pyung Hwa Ind. Co.	B068	Choongnam	95	95	95	95							2	24	28			
Shin Hwa Industrial Co.	B069	Kyunggi	85	90	85	85							8	317	391			
Shin An Glove Co.	B070	Seoul	100	100	100	100							2	22	26			
Ulsan General Gas Co., Ltd.	B071	Kyungnam	80	85	85	90							-	335	400			
United International Co., Ltd.	B072	Prepaid																
Kyung Hwa Enterprise Co., Ltd.	B073	Kyunggi	90	90	90	90							18	177	201			
Hyundai Electronic form & Die	B074	Kyunggi	90	90	90	95							3	205	299			

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization Export (W million)								Export as % of Total Sales		Direct imports of raw materials		Estimated employment on incremental basis	Estimated value added		FPR	ERR
			Estimate		Actual		Estimate		Actual							1st yr.	2nd yr.		
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.									
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.									
Dong Myung Boring Co., Ltd.	B075	Seoul	90	90	90	90								5	112	452			
Nam Chang Mun Kong So Co.	B076	Kyungbuk	90	90	85	90								1	116	147			
Dong-Kwang Precision Co.	B077	Kyunggi	85	90	90	90								1	214	283			
Joong Ang Color Co.	B078	Seoul	85	85	85	90								5	97	123			
Hyun Dai Glove Co.	B079	Seoul	95	95	90	95								-	15	18			
Je Il Color Process Co.	B080	Seoul	80	85	85	85								8	235	309			
Doo Yang Industrial Co.	B081	Kyunggi	98	98	95	99								7	33	36			
Eun Sung Sa Co.	B082	Prepaid																	
Kwang Sung Industrial Co., Ltd.	B083	Kyungnam	85	90	85	90								56	1,261	1,551			
Shin Il Industrial Co.	B084	Kyunggi	95	95	95	95								3	84	93			
Bu San Glove Co.	B085	Seoul	90	90	86	90								-	105	127			
Kuk Il Hosiery Co.	B086	Seoul	90	95	90	90								3	81	90			
Dong Yang Car Dock Co.	B087	Chungnam	90	90	85	90								-	193	261			
Dae Ryung Electronic Co., Ltd.	B088	Kyunggi	90	90	90	90								6	585	816			
Han Sung Ind. Co.	B089	Prepaid																	
Dong Kwang Sa Co.	B090	Pusan	90	90	85	90								-	168	270			
Mirami Co., Ltd.	B091	Kyungbuk	90	95	90	90								2	136	298			
Dae Myung Industrial Co.	B092	Prepaid																	
Shin Shin Glove	B093	Prepaid																	
Tae Back Textile Ind. Co.	B094	Seoul	90	90	90	94								-	77	135			
Kuk Je Metal Industrial Co.	B095	Seoul	95	100	90	100								3	142	239			
Young Jin Industrial Co.	B096	Kyungnam	80	85	80	85								2	159	341			
Seung Woo Precision Co.	B097	Seoul	90	90	87	90								4	247	378			
Sam Yang Export Packing Co.	B098	Seoul	90	95	90	96								2	53	76			
Yong Jin Jung Gong Sa	B099	Kyunggi	95	95	90	95								11	181	271			
Bum Jin Paper Tube Co.	B100	Kyunggi	100	100	95	98								2	13	22			
Dong Chang Glove Co.	B101	Seoul	90	90	87	92								-	35	51			

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization Export (W million)								Export as % of Total Sales		Direct imports of raw materials	Estimated employment on incremental basis	Estimated value added		FPR	ERR
			Estimate		Actual		Estimate		Actual						1st yr.	2nd yr.		
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.		2nd yr.			
Kukmin Wire Cut Center Co.	B102	Kyunggi	90	90	90	93								6	543	725		
Chun Kong Electronics Co.	B103	Seoul	80	85	85	88								-	299	439		
Sung Chang Glove	B104	Kyunggi	90	90	85	90								-	31	38		
Kyung Sung Precision Co.	B105	Kyunggi	95	95	90	97								1	399	577		
Sei Ik Engineering & Electric Co.	B106	Choongnam	95	95	90	93								4	123	212		
Sam Sung Screen Special Printing Co.	B107	Prepaid																
Tae Kwang Glove Co.	B109	Seoul	90	90	86	91								1	21	38		
Dong Yang Industry	B110	Prepaid																
Se Hyeong Industrial Co., Ltd.	B111	Kyunggi	90	95	86	94								1	11	19		
Dong-A Industry Co.	B112	Choongnam	75	80	75	78								4	29	47		
Hogy Sang Sa	B113	Kyunggi	95	95	92	96								2	3	4		
Sin Sung Ind.	B114	Kyunggi	90	90	90	95								11	754	1,236		
Tae Jung Industrial Co.	B115	Choongnam	80	85	80	85								2	31	47		
Keum Hwa Electric Co., Ltd.	B116	Prepaid																
Sang Il Industry Co.	B117	Seoul	90	90	88	94								-	34	40		
Dong Chang Industry Co.	B118	Seoul	90	95	92	95								-	19	23		
Yong Sung Sa	B119	Seoul	70	70	73	75								2	179	244		
Sang Shin Auto Maintenance Co.	B120	Kyungbuk	80	85	80	85								1	127	161		
Jin Il Transfer Co., Ltd.	B121	Kyungnam	95	95	90	95								4	47	62		
Kyung Shin Chemical Co.	B122	Prepaid																
Dae Sung Woolen Textile Co.	B123	Pusan	80	85	78	84								5	283	401		
Dae Jin Hosiery Co.	B124	Kyungbuk	90	95	87	94								4	64	91		
Dong Chang Trading Co., Ltd.	B125	Prepaid																
Keon Seol Glove Co.	B126	Kyunggi	95	95	89	95								2	27	41		
Sam Kwang Metal Ind. Co.	B127	Prepaid																
Sam Hwa Food Co.	B128	Choongnam	95	95	92	96								1	727	820		
Tae Yang Engineering Co.	B129	Seoul	90	90	90	95								1	41	45		

ECONOMIC INDICATORS OF SUBPROJECTS

Subproject	Sub-project No.	Location	Capacity Utilization Export (₩ million)								Export as % of Total Sales		Direct imports of raw materials	Estimated employment on incremental basis	Estimated value added		FYR	KRR
			Estimate		Actual		Estimate		Actual						1st yr.	2nd yr.		
			1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.	1st yr.	2nd yr.				
Daeyoung Coating co.	B130	Pusan	90	90	87	92								3	94	135		
Shin Ho Sang Sa	B131	Seoul	90	90	90	96								4	311	734		
Sam Rong Emblem Co.	B132	Seoul	90	95	90	95								10	195	259		
Kyeong Rock Sa	B133	Seoul	90	90	89	94								2	124	176		
Se Hyeong Industrial Co., Ltd.	B134	Kyunggi	80	85	85	90								2	317	452		
Hwa Sung Heavy Equipment Co., Ltd.	B135	Seoul	86	90	87	92								3	79	87		
Oh Sung Electronic Co., Ltd.	B136	Kyunggi	95	95	92	97								10	213	258		
Hyun Dae Chemical Industrial Co.	B137	Kyunggi	80	85	85	85								4	775	834		
Se Hwang Ind.	B138	Prepaid																
Shin Hwa Ind. Co.	B139	Kyunggi	80	85	84	90								3	279	315		
Jin Sung Machine Co.	B140	Kyungbuk	80	85	80	85								8	214	276		
Jung Ent. Clinic	B141	Seoul	85	85	85	90								-	58	66		
Kyung Shin Chemical Ind. Co.	B142	Choongbuk	80	85	83	85								2	1,108	1,544		
Sin Il Industrial Co.	B143	Kyunggi	95	95	92	94								2	55	64		

CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CIB Financing			Amount outstanding			Prepayment	Reache- date (year)	Write- offs	Arrears			
		IBRD	CIB Resources	Total	IBRD	CIB Resources	Total				Less than 3 months	3 - 6 months	over 6 months	Total
Sam Mi Textile Co., Ltd.	A001	Prepaid												
Dong Chang Textile Co., Ltd.	A002	510	100	610	379	100	479							
Kyung Shin Chemical Co.	A003	Prepaid												
Dae Kyung Ind. Co.	A004	Prepaid												
Shin-Do Industrial Co.	A006	408	200	608	337	200	537							
Han Seong Sealing Co.	A007	Prepaid												
Sam Kwang Fabric Industrial Co.	A008	Prepaid												
Dae Seong Industrial Co.	B001	Prepaid												
Sam Dae Parts Ind. Co.	B002	79	-	79	60	-	60							
Myoung Il Electronic Co.	B003	115	-	115	67	-	67							
Dae Jin Hosiery Co.	B004	44	-	44	29	-	29							
Dae Yung Automobile Co.	B005	Prepaid												
Han Dok Hosiery Co.	B006	55	-	55	28	-	28							
Young Nam Model Co.	B008	20	-	20	10	-	10							
Dong Jae Industrial Co.	B009	Prepaid												
Seong Jin Precision Co.	B010	214	-	214	122	-	122							
Hong Jin Industry Co.	B011	29	15	44	22	2	24							
Shin Sung Wire Cutting Co.	B012	Prepaid												
Sei Chang Machine Co.	B013	50	15	65	40	2	42							
Korea Metal Co.	B014	60	50	110	38	36	74							
Im Jin Ind. Co.	B015	63	-	63	39	-	39							
Il Shim Co.	B016	135	-	135	137	-	137							
Set Byul Scanning Lab. Co.	B017	Prepaid												
Shin segye sound Co. Ltd.	B018	149	-	149	103	-	103							

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CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CMB Financing			Amount outstanding			Payment	Reache- date (year)	Write- offs	Arrears			
		1980	CMB Resources	Total	1980	CMB Resources	Total				less than 3 months	3 - 6 months	over 6 months	Total
Jang An Embroidery Co.	B019	50	18	68	29	3	32							
Modong Stone Co.	B020	220	-	220	180	-	180							
Dae Myung Electronics Co.	B021	35	8	43	19	-	19							
Kem Precision Co.	B022	97	-	97	77	-	77							
Kum Soo Precision Co.	B023	Prepaid												
Kwang Jin Electronics Co., Ltd	B024	84	50	134	67	13	80							
Daeil Shinsun Co.	B025	Prepaid												
Hyun Hee Mark	B026	42	-	42	25	-	25							
Daeil Shinsun Co., Ltd.	B027	Prepaid												
Taeguung Chemical Co.	B028	Prepaid												
Seowon Co., Ltd.	B029	Prepaid												
You Han Jongmil	B030	26	-	26	13	-	13							
Ilhwa Lumber Co.	B031	23	21	44	14	4	18							
San Kyang Engineering Co.	B032	prepaid												
Dong Lim Chong Kong Sa	B033	Prepaid												
Miram Co., Ltd.	B034	79	80	159	55	40	95							
Dong Hoon Industry Co.	B035	90	-	90	53	-	53							
Dong Myung Boring Co., Ltd.	B036	224	-	224	103	-	103							
Chun Kong Electronics Co.	B037	56	16	72	30	4	34							
Dae Wang Textile Co.	B038	40	24	64	24	9	33							
Myoung Il Electronic Co.	B039	207	122	329	143	64	207							
Tae Hwa Last Co.	B040	163	50	213	139	14	152							
Hyup Sung Ind. Machinery Co.	B042	Prepaid												
Nam Do Precision Co.	B043	Prepaid												
Dong Yang Roll	B044	52	-	52	39	-	39							
Sei Ik Electric Co., Ltd.	B045	32	-	32	40	-	40							
Samboo Production Co., Ltd.	B046	Prepaid												

CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CNS Financing			Amount outstanding			Prepayment	Reache- able (year)	Write-off	Arrears			Total
		1980	CNS Resources	Total	1980	CNS Resources	Total				Less than 3 months	3 - 6 months	over 6 months	
Pung Il Metal Co.	B047	39	-	39	31	-	31							
Hanil Commercial Co.	B048	24	-	24	15	-	15							
Oasis Record Co.	B039	Prepaid												
Shin Hwa Precision Co.	B050	84	-	84	53	-	53							
Tae Yong Industrial Co.	B052	24	-	24	16	-	16							
Sungpyung Textile Co.	B053	Prepaid												
Yooil Ind. Co.	B054	Prepaid												
Sowha Medical Supply Co., Ltd.	B055	198	-	198	139	-	139							
Gigu Video Ind. Co., Ltd.	B056	67	-	67	48	-	48							
Shin Han Last Co.	B057	Prepaid												
Jeans Trading Co.	B058	22	-	22	14	-	14							
Hyun Jin Co.	B059	234	46	280	171	13	184							
Nok Hwa Bed Co., Ltd.	B060	101	-	101	69	-	69							
Han Lim Industrial Co.	B061	29	-	29	24	-	24							
Daeyang Precision Co.	B062	53	-	53	46	-	46							
Jung-A Industrial Co.	B063	56	-	56	39	-	39							
Dae Joo Fine Chemical Co., Ltd.	B064	104	140	244	63	85	148							
Busan Glove Co.	B065	24	-	24	16	-	16							
Dong Chang Industry Co.	B066	Prepaid												
Woo Seong Industrial Co.	B067	33	-	33	26	-	26							
Pyung Hwa Ind. Co.	B068	32	-	32	20	-	20							
Shin Hwa Industrial Co.	B069	145	150	295	103	87	190							
Shin An Glove Co.	B070	24	-	24	15	-	15							
Ulsan General Gas Co., Ltd.	B071	113	-	113	83	-	83							
United International Co., Ltd.	B072	Prepaid												
Kyung Hwa Enterprise Co., Ltd.	B073	19	25	44	15	10	25							
Hyundai Electroform & Die	B074	73	-	73	48	-	48							
Dong Myung Boring Co., Ltd.	B075	220	-	220	49	-	49							

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CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CNS Financing			Amount outstanding			Prepayment	Reache- date (year)	Write-offs	Arrears			
		IBRD	CNS Resources	Total	IBRD	CNS Resources	Total				Less than 3 months	3 - 6 months	over 6 months	Total
Nam Chang Mun Kong So Co.	B076	105	-	105	67	-	67							
Dong-Kwang Precision Co.	B077	148	50	198	119	32	151							
Joong Ang Color Co.	B078	46	34	90	38	14	52							
Hyun Dai Glove Co.	B079	37	15	52	23	7	30							
Je Il Color Process Co.	B080	90	-	90	54	-	54							
Doo Yang Industrial Co.	B081	47	-	47	29	-	29							
Eun Sung Sa Co.	B082	Prepaid												
Kwang Sung Industrial Co., Ltd.	B083	228	700	928	164	466	630				19		18	37
Shin Il Industrial Co.	B084	52	-	52	27	-	27							
Bu San Glove Co.	B085	25	-	25	17	-	17							
Kuk Il Hosiery Co.	B086	71	-	71	52	-	52							
Dong Yang Car Dock Co.	B087	90	-	90	78	-	78				10			10
Dae Ryung Electronic Co., Ltd.	B088	55	-	55	41	-	41							
Han Sung Ind. Co.	B089	Prepaid												
Dong Kwang Sa Co.	B090	115	-	115	89	-	89							
Mirami Co., Ltd.	B091	59	-	59	42	-	42							
Dae Myung Industrial Co.	B092	Prepaid												
Shin Shin Glove	B093	Prepaid												
Tee Back Textile Ind. Co.	B094	25	-	25	17	-	17							
Kuk Je Metal Industrial Co.	B095	230	20	250	194	16	210							
Young Jin Industrial Co.	B096	60	-	60	42	-	42							
Seung Woo Precision Co.	B097	75	-	75	54	-	54							
Sam Yang Export Packing Co.	B098	65	-	65	54	-	54							
Yong Jin Jung Gong Sa.	B099	85	-	85	80	-	80							
Bum Jin Paper Tube Co.	B100	28	-	28	23	-	23							
Dong Chang Glove Co.	B101	50	-	50	39	-	39							
Kukmin Wire Cut Center Co.	B102	241	100	341	199	78	277							
Chun Kong Electronics Co.	B103	115	-	115	68	-	68							

CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CMB Financing			Amount outstanding			Prepayment	Reache- date (year)	Write- offs	Arrears			
		IBRD	CMB Resources	Total	IBRD	CMB Resources	Total				Less than 3 months	3 - 6 months	over 6 months	Total
Sung Chang Glove	B104	51	-	51	37	-	37							
Kyung Sung Precision Co.	B105	134	-	134	113	-	113							
Sei Ik Engineering & Electric Co., Ltd	B106	32	-	32	26	-	26							
Sam Sung Screen Special Printing Co.	B107	Prepaid												
Tae Kwang Glove Co.	B109	42	-	42	30	-	30							
Dong Yang Industry	B110	Prepaid												
Se Hyeong Industrial Co., Ltd	B111	49	-	49	37	-	37							
Dong-A Industry Co.	B112	41	-	41	30	-	30							
Hogye Sang Sa	B113	50	-	50	36	-	36							
Sin Sung Ind.	B114	200	-	200	165	-	165				8		17	25
Tae Jung Industrial Co.	B115	29	-	29	24	-	24							
Keum Hwa Electric Co., Ltd.	B116	Prepaid												
Sang Il Industry Co.	B117	35	-	35	29	-	29							
Dong Chang Industry Co.	B118	25	-	25	21	-	21							
Yong Sung Sa	B119	50	-	50	36	-	36							
Sang Shin Auto Maintenance Co.	B120	92	-	92	85	-	85							
Jin Il Transfer Co., Ltd.	B121	50	-	50	37	-	37							
Kyung Shin Chemical Co.	B122	Prepaid												
Dae Sung Woolen Textile Co.	B123	117	-	117	100	-	100							
Dae Jin Hosiery Co.	B124	56	-	56	47	-	47							
Dong Chang Trading Co., Ltd.	B125	Prepaid												
Keon Seol Glove Co.	B126	46	-	46	39	-	39							
Sam Kwang Metal Ind. Co.	B127	Prepaid												
Sam Hwa Ind. Co.	B128	57	-	57	53	-	53							
Tae Yang Engineering Co.	B129	30	-	30	16	-	16							
Daeyoung Coating Co.	B130	130	24	154	120	20	140							

CURRENT STATUS OF SUBPROJECTS

(Unit: Million Won)

Subproject	Sub-project No.	CIB Financing			Amount outstanding			Prepayment	Reache- date (year)	Write- offs	Arrears			
		IBRD	CIB Resources	Total	IBRD	CIB Resources	Total				Less than 3 months	3 - 6 months	over 6 months	Total
Shin Ho Sang Sa	B131	46	30	76	42	24	66							
Sam Bong Emblem Co.	B132	268	50	318	229	35	264							
Kyeong Bock Sa	B133	91	-	91	68	-	66							
Se Hyeong Industrial Co., Ltd.	B134	73	-	73	66	-	91							
Rae Sung Heavy Equipment Co., Ltd.	B135	99	-	99	91	-	38							
Oh Sung Electronic Co., Ltd.	B136	43	-	43	38	-								
Hyun Dae Chemical Industrial Co.	B137	108	341	449	101	312	413							
Se Hwang Ind.	B138	Prepaid												
Shin 'wa Ind. Co.	B139	90	37	127	89	37	126							
Jin Sang Machine Co.	B140	118	50	168	121	50	171							
Jung Ent. Clinic	B141	25	-	25	25	-	25							
Kyung Shin Chemical Ind. Co.	B142	49	-	49	47	-	47							
Sin Il Industrial Co.	B143	44	-	44	44	-	44							

KOREA

THE SMALL AND MEDIUM INDUSTRY PROMOTION CORPORATION (SMIPC)

USE OF CONSULTANCY SERVICES

Year	No. of Foreign Consultants				Time Spent in Man-months by Foreign Consultants			
	USA	Japan	Europe	Total	USA	Japan	Europe	Total
1987	7	12	6	25	10.9	4.0	3.6	18.5
1988	8	26	5	39	6.6	10.9	2.9	20.4
TOTAL	<u>15</u>	<u>38</u>	<u>11</u>	<u>64</u>	<u>17.5</u>	<u>14.9</u>	<u>6.5</u>	<u>38.9</u>

of which: Subsector	No. of Foreign Consultants				No. of All Consultants			Total
	USA	Japan	Europe	Total	1987	1988		
Machinery	4	14	2	20	1	20	21	
Metal	1	3	2	6	4	4	8	
Electric/ electronics	3	7	-	10	1	9	10	
Textiles	3	3	-	3	7	1	10	
Chemicals	3	10	6	19	26	10	36	
Others	1	1	1	3	-	3	3	
TOTAL	<u>15</u>	<u>38</u>	<u>11</u>	<u>64</u>	<u>39</u>	<u>47</u>	<u>86</u>	

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KOREATHE SMALL AND MEDIUM INDUSTRY PROMOTION CORPORATION (SMIPC)OVERSEAS TRAINING OF STAFF AND TECHNICIANS

(Unit: person)

	1987	1988	Total		
A. Overseas Training (Staff)					
Machinery	-	2	2		
Metal	-	2	2		
Electronics	1	-	1		
Ceramics	1	-	1		
Plastics	-	1	1		
Dyeing	-	1	1		
Automation	-	8	8		
Management	-	1	1		
Subtotal	<u>2</u>	<u>10</u>	<u>12</u>		
Short Visit Training	-	4	4		
TOTAL	<u>2</u>	<u>14</u>	<u>16</u>		
B. Destination (Staff)					
USA	1	4	5		
West Germany	-	5	5		
Italy	-	1	1		
UK	-	8	8		
France	1	1	2		
TOTAL	<u>2</u>	<u>14</u>	<u>16</u>		
C. Duration of Training (Staff)					
	<u>Within 15 days</u>	<u>16 days- 1 month</u>	<u>1 month- 3 months</u>	<u>1 year and over</u>	<u>Total</u>
No. of trainees per period	3	2	7	4	16
D. No. of Technicians (SMI's Employees) Trained					
	<u>France</u>	<u>Norway</u>	<u>Total</u>		
Electronics	8	-	8		
Marine	-	2	2		
TOTAL	<u>8</u>	<u>2</u>	<u>10</u>		

KOREA

THE SMALL AND MEDIUM INDUSTRY PROMOTION CORPORATION (SMIPC)

EFFECTIVENESS ANALYSIS OF EXTENSION SERVICES

SMIPC surveyed effectiveness of extension services by mail questionnaire to random sampling 345 beneficiaries in 1989 so as to reflect on the extension services program in the future.

According to their report, the main effectiveness from extension services can be summarized and quantified as follows:

(a) Effectiveness Fields of Extension Services

(i)	Process improvement and new manufacturing technique development	: 65 cases
(ii)	Application improvement of machine facilities	: 65 cases
(iii)	New products development	: 59 cases
(iv)	Reduction of inferior rates	: 57 cases
(v)	Automation of manufacturing facilities	: 44 cases
(vi)	Saving of materials	: 24 cases
(vii)	Saving of labor cost	: 20 cases
(viii)	Saving of energy	: 2 cases
(ix)	Others	: 9 cases
TOTAL		<u>345 cases</u>

(b) Preference Fields of Extension Services

(i)	Plant automation	: 115 cases
(ii)	New process and manufacturing technique development	: 104 cases
(iii)	Process improvement	: 72 cases
(iv)	Quality upgrading	: 52 cases
(v)	Others	: 2 cases
TOTAL		<u>345 cases</u>

KOREATHE SMALL AND MEDIUM INDUSTRY PROMOTION CORPORATION (SMIPC)STATUS OF COST RECOVERY

By the Project Agreement between IBRD and SMIPC, SMIPC should levy, by December 31, 1987, a charge of at least 30 percent of the direct cost of extension services provided by foreign consultants and without other agreement between both organizations, each year thereafter increase the charge levied by at least 10 percent. Therefore it was aimed at 40 percent in 1988 and 50% in 1989 respectively.

Actually cost recovery ratio resulted in 16.5 percent in 1987, 17.6 percent in 1988 and 23.0 percent in 1989. Contribution to be paid by SMI also has been increasing little by little. From 1989 SMIPC has levied full direct cost on the company which has been serviced over 30 days, as shown below.

<u>Year</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Target	30.0	40.0	50.0
Actual	16.5	17.6	23.0
(increase rate %)		(6.7)	(30.7)

(In '000 Won)

<u>Contribution Paid by SMI</u>	<u>1987</u>	<u>1988</u>		<u>1989</u>	
		Small	Medium	Small	Medium
Within 20 days	70	70	85	70	85
21 days through 30 days	100	100	150	140	170
31 days through 40 days	100	100	150)		
				Full Direct Cost	
Over 41 days	200	200	300)		

And cost recovery plan was estimated according to taking into consideration of price inflation of Korean economy. But SMIPC, which was founded and performing government policies for SMIs in Korea, could not reflect the price inflation right away each year. Because the high increase rate of cost recovery ratio decreases the number of small and medium companies which wants to get consulting services from SMIPC more than the past.

SMIs in Korea which were benefited the extension services are inferior to large enterprises in size, managerial capabilities and finance. Therefore to increase cost recovery ratio, facility installment loan and high class manpower should be offered to SMIs continuously.

However, SMIPC will try to recover the direct cost. SMIPC will increase charge levied year by year and the ratio will be decided according to actual circumstances of Korean economy. The agreement between IBRD and SMIPC will be a good guide deciding it.

PROJECTED AND ACTUAL INCOME STATEMENTS, 1986-1989

	<u>1 9 8 6</u>		<u>1 9 8 7</u>		<u>1 9 8 8</u>		<u>1 9 8 9</u>	
	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>
INCOME								
Interest on local currency loans	395,939	334,638	489,025	373,756	610,098	427,104		522,950
Interest on foreign currency loans	11,144	9,972	15,304	9,314	20,679	4,404		3,505
Interest on deposits with domestic banks	22,905	31,523	25,830	33,830	28,620	37,176		28,640
Interest on securities	52,200	74,236	59,040	97,790	65,520	94,390		79,257
Interest on call loan	1,300	1,940	1,300	1,488	1,300	1,196		4,918
Total Interest Income	483,488	452,309	590,492	616,178	726,217	664,270		639,270
Dividends on investments	150	-	150	-	150	-		-
Fees and commissions	15,600	25,799	20,300	37,008	26,400	45,663		66,104
Other income	22,391	50,880	25,400	53,010	32,400	104,435		137,193
Gross Income	521,629	528,988	636,342	606,196	785,167	714,368		842,567
EXPENSES								
Interest on deposits	268,513	289,992	305,978	340,296	355,145	393,582		419,752
Interest on borrowings from BOK/ Gov't.	12,587	7,945	17,584	11,147	24,152	21,298		26,976
Interest on foreign borrowings	9,287	9,092	12,753	7,600	17,233	2,962		2,078
Total Interest Expenses	290,387	307,029	336,315	359,043	396,530	417,842		448,806
Contribution to Credit Guarantee Fund	5,037	3,625	6,266	4,086	7,802	5,083		6,000
General administrative expenses	158,511	155,862	174,362	172,784	191,798	202,572		249,312
Other expenses	8,600	30,308	10,300	24,874	12,400	28,694		48,449
Total Expenses	462,535	496,824	527,243	560,787	608,530	654,191		754,496
Income before Provisions & Tax	59,094	32,164	109,106	45,409	176,637	60,177		90,000
Provisions for doubtful loans	1,257	2,549	1,551	-	1,958	1,893		1,929
Income Before Tax	57,837	29,615	107,555	45,409	174,679	58,284		88,071
Tax	14,459	15,749	26,889	16,442	43,670	25,656		43,500
Net Income	43,378	13,866	80,666	28,967	131,009	32,628		44,571

PROJECTED AND ACTUAL BALANCE SHEET, 1986-1989

As of 31 December	<u>1 9 8 6</u>		<u>1 9 8 7</u>		<u>1 9 8 8</u>		<u>1 9 8 9</u>	
	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>
ASSETS								
Current Assets								
Cash and Checks	275,000	236,201	330,000	380,709	396,000	509,047		627,469
Due from Bank of Korea	153,705	176,396	184,795	287,055	218,305	439,873		805,884
Deposits with other domestic bank	92,000	84,787	89,000	179,488	76,000	135,532		109,294
Short-term loans:								
Business loans	666,000	431,767	825,000	609,883	1,031,000	556,332		642,890
General populace loans	415,000	454,426	518,000	349,395	648,000	589,713		695,884
Total Short-Term Loans	1,081,000	886,193	1,343,000	959,278	1,679,000	1,146,045		1,338,774
Securities and call-loans	644,000	682,849	718,000	858,690	788,000	716,015		676,856
Other current assets	223,851	461,651	281,050	697,879	360,276	1,068,001		1,153,485
Total Current Assets	2,469,556	2,528,077	2,945,845	3,363,099	3,517,581	4,014,513		4,711,762
Medium-/Long-term Assets								
Term loans:								
General populace	1,768,000	1,216,028	2,210,000	1,579,638	2,761,000	1,628,674		1,994,420
Working capital	983,000	731,719	1,201,000	686,133	1,483,000	960,507		1,186,234
Domestic currency equipment	216,000	146,812	286,000	235,505	375,000	273,040		243,096
Foreign currency equipment	114,716	84,238	157,616	53,778	213,405	39,996		32,471
Total Term Loans	3,081,716	2,178,797	3,854,616	2,555,054	4,832,405	2,902,217		3,456,221
Less: Provisions for doubtful loans	14,063	3,180	14,578	1,312	15,242	2,002		2,435
Net Term Loan Portfolio	3,067,653	2,175,617	3,840,038	2,553,742	4,817,163	2,900,215		3,453,786
Other medium-/long-term assets	278,000	516,518	328,000	454,500	388,000	504,213		549,195
Fixed Assets								
Premises and equipment(Net)	151,400	135,208	171,000	146,997	195,000	187,797		226,982
TOTAL ASSETS	5,966,609	5,355,420	7,284,883	6,518,338	8,917,744	7,606,738		8,941,725

PROJECTED AND ACTUAL BALANCE SHEET, 1986-1989

As of 31 December	1986		1987		1988		1989	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
LIABILITIES AND EQUITY								
Current Liabilities								
Mutual installment savings	36,000	19,348	45,000	21,161	56,000	29,690		38,761
Demand Deposits	1,611,000	934,558	2,149,000	1,285,119	2,670,000	1,656,278		2,196,878
Time and savings deposits	1,352,000	1,673,939	1,488,000	2,114,955	1,636,000	2,562,634		2,673,706
Property formation savings deposits	29,000	10,518	29,000	6,907	35,200	4,829		2,575
Sub-total	3,028,000	2,638,363	3,711,000	3,428,142	4,397,000	4,253,431		4,911,920
Short-term borrowings	167,000	73,299	234,000	117,076	328,000	148,779		189,810
Other current maturities	396,000	516,798	475,000	618,542	570,000	663,388		750,535
Total Current Maturities	3,591,000	3,228,460	4,420,000	4,163,760	5,295,000	5,065,598		5,852,265
Medium-/Long-term Liabilities								
Mutual installment savings	1,200,000	897,877	1,500,000	914,438	1,875,000	1,034,950		1,333,547
Time and savings deposits	174,000	196,193	191,000	272,442	211,000	345,687		567,912
Property formation savings deposits	598,000	719,332	598,000	825,106	717,000	752,426		705,402
Total Term Deposits	1,972,000	1,813,392	2,289,000	2,011,986	2,803,000	2,133,063		2,606,861
Borrowings								
Local currency borrowings	76,800	35,310	102,500	43,550	136,000	58,187		78,522
IBRD	60,146	47,117	74,886	33,366	101,138	17,918		11,545
ADB	54,570	33,975	73,010	15,739	84,321	5,840		2,947
OECP	-	-	9,720	-	27,945	8,946		14,235
Total term borrowings	191,516	116,402	260,116	92,655	349,404	90,891		107,249
Other long-term liabilities	-	13,704	-	14,483	-	32,825		23,855
Total Medium-/Long-term Liabilities	2,163,516	1,943,498	2,549,116	2,119,124	3,152,404	2,256,779		2,737,965
Provisions for Retirement Grants	53,697	73,762	61,579	93,669	69,949	114,122		141,198
Equity								
Paid-in Capital	86,131	82,223	101,131	96,001	116,131	96,001		96,001
Capital surplus	-	6,103	-	6,103	-	6,103		6,103
Reserves and retained earnings	72,265	37,377	163,057	39,681	284,260	68,135		108,193
Total Equity	158,396	109,700	254,188	141,785	400,391	170,239		210,297
TOTAL LIABILITIES AND EQUITY	5,968,609	5,355,420	7,284,893	6,518,338	8,917,744	7,606,738		8,941,725

PROJECTED AND ACTUAL FINANCIAL RATIOS, 1986-1989

	1986		1987		1988		1989	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
I. Total Assets	5,960.0	5,355.4	7,274.2	6,518.3	8,901.4	7,606.7		8,941.7
Of Which:								
Short-term loans	1,081.0	886.0	1,343.0	959.3	1,679.0	1,146.0		1,338.8
Medium/long-term loans	3,074.9	2,178.8	3,844.2	2,555.1	4,816.5	2,902.2		3,456.2
Deposits with other banks	271.0	84.8	303.0	179.5	333.0	135.0		109.0
Deposits and Long-Term Debt								
Deposits (less than 1 year)	3,072.0	3,378.5	3,711.0	4,282.4	4,397.0	5,083.3		5,931.9
Deposits (more than 1 year)	1,972.0	1,073.3	2,289.0	1,157.7	2,803.0	1,303.2		1,586.9
Long-term debt:								
BOK/Government/ADB/IBRD	243.8	93.6	336.5	74.2	461.3	72.9		81.4
Equity	158.3	109.7	253.9	141.8	399.9	170.2		210.3
Debt-Equity Relationship								
Total debt/equity ratio $\frac{D}{E}$	36.7:1	47.8:1	27.7:1	45.0:1	21.3:1	25.3:1		41.8:1
Long-term debt/equity ratio	4.7:1	6.6:1	3.4:1	5.4:1	2.9:1	4.9:1		4.3:1
Current Ratio								
Current ratio $\frac{C}{D}$	1.09:1	1.1:1	1.09:1	1.1:1	1.09:1	1.05:1		1.1:1
II. Gross income as % of average total assets	9.6	10.7	9.6	10.2	9.7	10.1		10.2
Financial expenses as % of average total assets	5.3	6.2	5.1	6.0	4.9	5.9		5.4
Gross spread (gross income-financial expenses)	4.3	4.5	4.5	4.2	4.8	4.2		4.8
Income before provisions and tax as % of average total assets	0.8	0.7	1.2	0.8	1.6	0.9		1.1
Income after provisions and tax as % of average total assets	0.8	0.7	1.2	0.8	1.6	0.9		1.1
Income after provisions and tax as % of average equity	33.7	32.7	39.2	36.1	40.1	38.6		47.3
General administrative expenses as % average total assets	2.9	3.2	2.6	2.9	2.4	2.9		3.0

PROJECTED AND ACTUAL FINANCIAL RATIOS, 1986-1989

	<u>1 9 8 6</u>		<u>1 9 8 7</u>		<u>1 9 8 8</u>		<u>1 9 8 9</u>	
	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>	<u>Projected</u>	<u>Actual</u>
Cost of deposits as % of average deposits outstanding	5.8	7.0	5.6	6.9	5.4	6.7		6.0
Cost of foreign currency debt as % of average foreign currency debt outstanding	10.0	11.8	10.0	11.7	10.0	7.2		6.8
Income from business loans as % of average business loans outstanding	10.9	11.6	10.8	11.4	10.8	12.6		11.6
Book value as % of par value	184	133	251	148	345	177		219
Income from populace loans as % of average populace loans outstanding	10.9	11.5	10.8	10.5	10.8	11.4		12.0
Income from foreign currency loans as % of average foreign currency loans outstanding	12.0	12.9	12.0	14.5	12.0	9.4		9.4

①/ Long-term debt + long-term guarantees + current maturities - remunerated mutual installment savings - installment savings received under the loans on installment savings - loans covered with time deposits, installment savings deposits, mutual installment savings deposits and workers' property formation savings deposits to total unpaired paid-in capital, surplus and reserves.

②/ Current assets + current maturities - remunerated mutual installment savings to current liabilities + current maturities - remunerated mutual installment savings.

COLLECTION PERFORMANCE, 1986-1989

	<u>Overdue</u>		<u>Maturing during the year</u>		<u>Total during the year</u>			<u>Actual collection</u>			<u>Collection rate(%)</u>		
	<u>Prin- cipal</u>	<u>Inter- est</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Prin- cipal</u>	<u>Inter- est</u>	<u>Total</u>
I . Domestic Currency Loans													
1 9 8 6	41,236	7,054	2,135,592	345,451	2,176,828	352,505	2,529,333	2,133,898	334,638	2,468,536	98.0	94.9	97.6
1 9 8 7	42,930	5,914	2,223,732	375,925	2,266,662	381,839	2,648,051	2,223,211	373,756	2,596,967	98.1	97.9	98.1
1 9 8 8	43,451	8,083	2,653,499	426,503	2,696,950	434,586	3,131,536	2,661,997	426,548	3,088,545	98.7	98.2	98.6
1 9 8 9	34,953	8,038	3,033,139	517,030	3,068,191	525,068	3,593,160	3,031,819	517,862	3,549,681	98.8	98.5	98.8
II . Foreign Currency Loans													
1 9 8 6	1,819	1,063	16,094	11,012	17,913	12,075	29,988	13,854	9,972	23,823	77.3	82.6	79.5
1 9 8 7	4,059	2,103	47,628	8,991	51,687	11,094	62,781	47,315	9,314	56,629	91.5	84.0	90.2
1 9 8 8	4,372	1,780	31,009	3,871	35,381	5,651	41,032	29,829	4,404	34,233	84.3	77.9	83.4
1 9 8 9	5,552	1,247	8,649	2,696	14,201	3,943	23,867	12,440	3,505	21,033	87.6	88.9	88.1
III . Total													
1 9 8 6	43,055	8,117	2,151,686	356,463	2,194,741	364,580	2,559,321	2,147,752	344,610	2,492,362	97.9	94.5	97.4
1 9 8 7	46,989	8,017	2,271,360	384,916	2,318,349	392,933	2,711,282	2,270,526	383,070	2,653,596	97.9	97.0	97.8
1 9 8 8	47,823	9,863	2,684,508	430,374	2,732,331	440,237	3,172,568	2,691,826	430,952	3,122,778	98.5	97.9	98.4
1 9 8 9	40,505	9,285	3,041,788	525,449	3,082,392	534,734	3,617,027	3,044,259	526,455	3,570,714	98.8	98.5	98.8

ANALYSIS OF LOANS IN ARREARS, 1986-1989

	<u>1 9 8 6</u>		<u>1 9 8 7</u>		<u>1 9 8 8</u>		<u>1 9 8 9</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
A. <u>Portfolio Status</u>								
Total loans outstanding	875,505	3,064,990	917,358	3,514,332	930,046	4,048,262	1,018,861	4,799,995
Less: Outstanding loans in grace period	2,499	97,169	3,816	114,019	4,107	140,272	4,723	200,389
Loans in repayment stage	873,006	2,967,821	913,542	3,400,313	925,939	3,907,990	1,013,138	4,599,606
Outstanding amount of loans affected by arrears	147,128	365,719	135,596	409,458	112,702	389,264	104,001	387,876
<u>Arrears</u>								
Principal	147,128	46,988	135,596	47,823	112,702	40,505	104,001	38,934
Interest	-	8,017	-	9,863	-	9,285	-	8,279
<u>Total Arrears</u>	<u>147,128</u>	<u>55,006</u>	<u>135,596</u>	<u>57,686</u>	<u>112,702</u>	<u>49,790</u>	<u>104,001</u>	<u>46,313</u>
Loans affected by arrears as % of total loans outstanding	-	11.9	-	11.7	-	9.6	-	8.1
Total arrears as % of total loans outstanding	-	2.2	-	1.6	-	1.2	-	1.0
Total arrears of principal as % of total loans in repayment stage	-	1.6	-	1.4	-	1.2	-	1.0
<u>Collection rate (%)</u>								
Principal	-	97.9	-	97.9	-	98.5	-	98.7
Interest	-	94.5	-	97.0	-	97.9	-	98.8
<u>Total</u>	<u>-</u>	<u>97.4</u>	<u>-</u>	<u>97.8</u>	<u>-</u>	<u>98.4</u>	<u>-</u>	<u>98.7</u>
B. <u>Reschedulings and Write-offs</u>								
Loans rescheduled	3,789	47,815	3,713	47,709	3,841	50,586	4,263	54,132
Loans written off	-	1.2	-	1.4	1,447	1,695	1,601	1,526
C. <u>Aging of Loan Arrears as of December 31, 1989</u>	<u>Number</u>	<u>Outstanding loans affected by arrears</u>	<u>Total principal arrears</u>					
1-3 months	81,481	254,372	19,554					
3-6 months	14,018	98,764	6,490					
6-12 months	3,826	19,313	3,552					
Over 12 months	4,676	15,427	8,438					
D. <u>Loan Amounts Consigned to the Korea Reinvestment Corporation for Collection</u>	3	1,359	8	2,252	12	4,418	6	2,174

Resources Position as of December 31, 1989

1. Domestic Currency Resources (Won million)

	<u>Amount</u>
A. <u>Long-Term Resources</u>	
Equity: Paid-in capital	96,001
Reserves and retained earnings	114,296
<u>Total Equity</u>	<u>210,297</u>
Borrowings: Government <u>0/</u>	17,921
BOK <u>0/</u>	39,142
Deposits <u>0/</u>	1,586,888
<u>Total Borrowings</u>	<u>1,643,951</u>
<u>Total Long-Term Domestic Currency Resources</u>	<u>1,854,248</u>
Less: Term loans outstanding <u>0/</u>	1,330,021
Fixed assets (net)	226,982
BOK's reserve requirements	63,705
Other Long-Term assets	199,591
<u>Total Long-Term Lending and Investments</u>	<u>1,820,299</u>
<u>Long-Term Resources Available for further Disbursement</u>	<u>34,949</u>
B. <u>Short-Term Resources</u>	
Deposits	5,931,893
Short-term borrowings from BOK and Other banks	211,269
<u>Total Short-Term Domestic Currency Resources</u>	<u>6,143,162</u>
Less: Short-term loans outstanding	3,435,503
BOK's reserve requirements	574,571
<u>Total Short-Term Lending and Investments</u>	<u>4,010,074</u>
<u>Short-Term Resources Available for further Disbursement</u>	<u>2,133,088</u>
C. <u>Total Domestic Currency Resources</u>	
Total long-term resources	1,854,248
Total short-term resources	6,143,162
<u>Total Domestic Currency Resources</u>	<u>7,997,410</u>
Less: Total long-term lending and investments	1,820,299
Total Short-term lending and investments	4,010,074
<u>Sub-Total</u>	<u>5,830,373</u>
<u>Total Domestic Currency Resources Available for Further Disbursement</u>	<u>2,167,037</u>

2. Foreign Currency (US million)

Uncommitted resources (as of end of previous year)	7
Borrowings from (for the current year):	
IBRD	-
ADB	-
Other	50
<u>Total Foreign Currency Resources</u>	<u>57</u>
New loan commitments (for the current year)	17
<u>Quarter-End Foreign Resources Position</u>	<u>40</u>

Q/ Net of current maturities